

MASTER DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
FOR
PASEO

This instrument was prepared
without an opinion of title and
after recording return to:
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THIS MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR PASEO ("Declaration") is made this 21st day of August, 2006, by STOCK DEVELOPMENT, LLC a Florida limited liability company (the "Declarant"), and joined by PASEO MASTER HOMEOWNERS' ASSOCIATION, INC., a Florida not-for-profit corporation (the "Association").

A. Declarant holds title to that certain real property located in Lee County, Florida as defined in this Declaration as the "Property" and as described on Exhibit "A", attached hereto and incorporated herein by reference.

B. Declarant intends to develop the Property (including any Additional Property added thereto) in accordance with this Declaration as a master planned residential community to be known as "Paseo."

C. Declarant has caused an association named Paseo Master Homeowners' Association, Inc., to be formed for the purposes set forth in this Declaration and the Articles of Incorporation for the Association.

STATEMENT OF DECLARATION

The Property shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions, reservations, assessments and other provisions set forth in this Declaration, which shall run with the Property, shall bind all parties having any right, title, or interest in any part of the Property, their successors and assigns, and shall inure to the benefit of each Owner (as hereinafter defined) thereof and which shall read as follows:

ARTICLE I DEFINITIONS

1.1 Additional Property. "Additional Property" shall mean any real property which may be subjected to this Declaration by Declarant from time to time in accordance with the terms of this Declaration. Prior to the Turnover Date, Declarant may subject Additional Property to the terms of this Declaration in accordance with the terms of the Annexation of Additional Property Section below.

1.2 Area of Common Responsibility. "Area of Common Responsibility" shall mean and refer to the Common Areas, together with those areas, if any, which by the terms of this Declaration, a resolution of the Board of Directors of the Association, or an agreement with a Neighborhood or a governmental agency, shall become the responsibility of the Association, including without limitation canals, lakes, reservoirs and other public areas located within or adjacent to the Property designated by Declarant as part of the Area of Common Responsibility.

1.3 Articles. "Articles" shall mean and refer to the Articles of Incorporation of the Association, a copy of which is attached hereto as Exhibit "B" and incorporated herein by reference, as the same may be amended from time to time.

1.4 Assessment. "Assessment" shall mean and refer to charges levied against Dwelling Units to fund Common Expenses, Neighborhood Expenses and any other expenses of the Association and shall include Common Assessments, Special Assessments, and Neighborhood Assessments.

1.5 Association. "Association" shall mean and refer to the Paseo Master Homeowners' Association, Inc. and its successors or assigns. The Association is the master property owners' association for the entire Community.

1.6 Board of Directors or Board. "Board of Directors" or "Board" shall mean and refer to the governing body of the Association.

1.7 Builder. "Builder" shall mean a Person who acquires a Lot for the purpose of constructing and reselling a Dwelling Unit thereon or a Person who constructs a Dwelling Unit on an Owner's Lot.

1.8 By-Laws. "By-Laws" shall mean and refer to the By-Laws of the Association, a copy of which is attached hereto as Exhibit "C" and incorporated herein by reference, as the same may be adopted or amended from time to time.

1.9 Common Areas. "Common Areas" shall mean all of the real property owned by the Association, plus all property designated as Common Areas in any future Supplemental Declaration or any portion of a plat or replat of the Property dedicated to or for the Association together with any improvements thereon and any personal property owned by the Association, and which are intended for the common use and enjoyment of all Members of the Association. Common Areas shall also include the Exclusive Common Areas unless the context otherwise requires. The Common Areas shall specifically include all Conservation Areas, Wetlands and all Surface Water Management Systems. The Common Areas shall not include property owned and maintained by the Paseo CDD or any other Community Development District.

1.10 Common Assessments. "Common Assessments" shall mean those Assessments for which all Members of the Association are responsible to pay for Common Expenses.

1.11 Common Expenses. "Common Expenses" shall mean the actual and estimated costs and expenses incurred or to be incurred by the Association for the general benefit of all Owners, including any reasonable reserves for deferred maintenance, repairs or replacements, which the Board of Directors may find necessary and appropriate.

1.12 Community. "Community" shall mean the master planned community to be known as Paseo.

1.13 Community-Wide Standards. "Community-Wide Standards" shall mean the standards of conduct, maintenance, or other activity generally prevailing throughout the Community. Such standard may be more specifically determined by the Board of Directors and the DRC.

1.14 Conservation Area. "Conservation Area" shall mean and refer to those portions of the Properties described in Exhibit "D", attached hereto and incorporated herein by reference.

1.15 Declarant. "Declarant" shall mean and refer to Stock Development, LLC, a Florida limited liability company, or one of its successors or assigns, provided such successor or assign is designated as the Declarant by the immediately preceding Declarant in a recorded instrument executed in accordance with the terms of this Declaration. The Declarant may assign all or part of its rights hereunder by a Supplemental Declaration.

1.16 Declaration. "Declaration" shall mean this document, as the same may be amended or supplemented from time to time.

1.17 Development Review Committee ("DRC"). "Development Review Committee" or "DRC" shall mean the committee formed to promulgate design and development guidelines and application and review procedures for new construction upon the Property and any modifications to improvements and to review and approve the plans for same.

1.18 District. "District" shall mean shall mean and refer to the South Florida Water Management District or its successors. The South Florida Water Management District has the right pursuant to the District Permit and other state law and regulations to take enforcement action, including a civil action for an injunction and penalties, against the Association to compel it to correct any outstanding problems with the Surface Water Management Systems or in any Conservation Areas under the responsibility or control of the Association.

1.19 District Permit. "District Permit" means and refers to that certain Environmental Resource Permit #36-04092-P from the District relating to the construction and development of the Property, which permit may be amended from time to time.

1.20 Documents. "Documents" shall mean this Declaration, and the Articles, By-Laws, and Rules and Regulations of the Association.

1.21 Dwelling Unit. "Dwelling Unit" shall be an inclusive term referring to a structure used or intended for occupancy as a residence and shall, unless otherwise specified, include within its meaning by way of illustration, but not limitation, condominium units, villas, patio homes, and single-family homes, as well as vacant land intended for development as such, all as may be developed, used and defined as herein provided or as provided in a Supplemental Declaration covering all or a part of the Property. The term shall include all portions of the Lot on which the Dwelling Unit is built, as well as all structures located thereon. In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to contain the number of Dwelling Units designated for

residential use for such parcel on the site plan approved by Declarant, until such time as a subdivision plat or declaration of condominium has been recorded in the public records of Lee County, Florida on all or a portion thereof. After a subdivision plat or declaration of condominium has been recorded on all or a portion thereof, the portion designated in that plat or declaration, as applicable, shall constitute separate Dwelling Units as determined above and the number of Dwelling Units on the remaining land, if any, shall continue to be determined in accordance with this paragraph.

1.22 Exclusive or Limited Common Areas. "Exclusive Common Areas" or "Limited Common Areas" shall mean and refer to certain portions of the Common Areas, including any improvements and fixtures thereon, the use of which has been granted exclusively or primarily to one or more, but less than all, Dwelling Units for the common use and enjoyment of Owners of such Dwelling Units. Such Exclusive Common Areas shall be designated by a Supplemental Declaration.

1.23 Institutional Mortgagee. "Institutional Mortgagee" shall mean: (a) any generally recognized lending institution having a first mortgage lien upon a Dwelling Unit or (b) such other lenders as the Board of Directors shall hereafter approve in writing which have acquired a first mortgage lien upon a Dwelling Unit.

1.24 Lot. "Lot" shall mean and refer to any portion of the Property, whether developed or undeveloped, intended for development, use, and occupancy as a residence, as well as vacant land intended for development as such, all as may be developed, used and defined as herein provided or as provided in a Supplemental Declaration covering all or a part of the Property. The term shall include all portions of the Lot as well as any structure thereon.

1.25 Master Plan. "Master Plan" shall mean and refer to the plan for the development of the Property, as the same may be amended or supplemented from time to time. The current Master Plan is attached hereto as Exhibit "E" and incorporated herein by reference. Prior to the Turnover Date, the Declarant may amend or modify the Master Plan in the exercise of the Declarant's sole and absolute discretion. Following the Turnover Date, the Master Plan may not be amended without the prior written consent of (i) no less than seventy-five percent (75%) of the votes of all Members, (ii) the Declarant, so long as the Declarant owns any Lots and/or Dwelling Units within the Community, and (iii) the specific Owners of Lots and/or Dwelling Units which may be directly affected by any such amendment to the Master Plan.

1.26 Member. "Member" shall mean and refer to a Person entitled to membership in the Association. All Owners shall be Members of the Association; provided, however, that there shall be no more than one Member for each Dwelling Unit. In addition, Declarant shall also be a Member of the Association as described more fully in the "Classes of Membership" Section hereof and the By-Laws of the Association.

1.27 Neighborhood. "Neighborhood" shall mean and refer to any Lots which are designated as a single family or multi-family neighborhood, including without limitation, a condominium project, as described in a Supplemental Declaration, or by separate declaration in accordance with the terms of the Creation of Associations and Neighborhood Declarations Section below, in which Owners may have common interests other than those common to all Owners, such as a common theme, entrance feature, development name and/or common area and facilities which are not available for use by all Owners.

1.28 Neighborhood Assessments. "Neighborhood Assessments" shall mean assessments levied by the Association against the Dwelling Units in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as more particularly described in the "Computation of Neighborhood Assessments" Section of this Declaration.

1.29 Neighborhood Expenses. "Neighborhood Expenses" shall mean and include those actual and estimated expenses incurred or to be incurred by the Association primarily for the benefit of the Owners of Dwelling Units within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for deferred maintenance, repairs, and replacements, all as may be specifically authorized from time to time by the Board of Directors of the Association as more particularly authorized herein. Neighborhood Assessments as defined herein may be in addition to assessments levied by such Neighborhood in accordance with a separate Neighborhood Declaration (as defined below).

1.30 Owner. "Owner" shall mean and refer to the record owner of fee simple title to a Dwelling Unit (but specifically excluding any party holding an interest merely as security for the performance of an obligation). The term Owner may also include any other Person who owns any portion of the Property other than the Association.

1.31 Person. "Person" means any individual, corporation or other legal entity.

1.32 Property. "Property" or "Properties" shall mean and refer to the real property legally described on Exhibit "A" attached hereto, together with such additional property as is hereafter subjected to this Declaration by a Supplemental Declaration.

1.33 Slough. "Slough" shall mean and refer to the Six Mile Cypress Preserve, a highly regarded environmental feature of Lee County, which borders the Property on the north and west.

1.34 Slough Arm. "Slough Arm" shall mean and refer to that portion of the environmentally sensitive Slough that bisects the Property and which will be bridged to provide a contiguous community.

1.35 Special Assessment. "Special Assessment" shall mean and refer to assessments levied in accordance with the "Special Assessment" Section hereof.

1.36 Supplemental Declaration. "Supplemental Declaration" shall mean a supplement to this Declaration executed by or consented to by Declarant in accordance with "the Supplemental Declarations" Section hereof.

1.37 Surface Water Management Systems. "Surface Water Management Systems" means any real property together with improvements thereon, including work or features such as swales, ditches, canals, impoundments, berms, ponds, lakes, retention/detention areas, wetlands, mitigation areas, conservation areas, flowways, culverts and pumps required or described in any permits issued by the District or any other applicable governmental agency for the management and storage of surface waters, drainage and flood protection for the Property.

1.38 Turnover Date. "Turnover Date" shall mean the date on which the Class "B" Membership ceases to exist and is converted to a Class "A" Membership, as further described in the "Turnover Date" Section hereof.

1.39 Wetlands. "Wetlands" shall mean and refer to those portions of the Properties described in Exhibit "F", attached hereto and incorporated herein by reference.

ARTICLE II GENERAL PLAN FOR DEVELOPMENT

2.1 Plan for Development

- (a) In General. Declarant presently plans to develop the Property as a multi-phased residential community with various common areas, in accordance with the Master Plan and subject to any required governmental approvals. Declarant also reserves the right to develop any portion of the Property for commercial uses in accordance with this Declaration, the Master Plan, and any applicable governmental approvals. Prior to the Turnover Date, Declarant reserves the right to modify the Master Plan in its sole discretion from time to time, without requiring the consent of the Association, any Owner, or any mortgagee of any Owner.
- (b) Declaration; Association. This Declaration is not a declaration of condominium. No portion of the Property is submitted by this Declaration to the condominium form of ownership. Declarant has caused the Association to be formed to perform certain administrative and operational functions regarding the Property as set forth more fully in the Documents.
- (c) Neighborhoods. Declarant intends that Lots may, but need not be, grouped together in residential Neighborhoods.

2.2 Supplemental Declarations. Supplemental Declarations may be executed and recorded in Lee County, Florida, containing provisions which: (a) assign a specific use to a portion of the Property; (b) designate a Neighborhood and any specific uses or provisions with respect to the Neighborhood; (c) impose additional restrictions or delete restrictions on a portion of the Property; (d) assign some or all of Declarant's rights and obligations hereunder; (e) subject Additional Property to the effect of this Declaration; or (f) do anything else permitted by this Declaration. During the period of time that Declarant owns any portion of the Property, no Supplemental Declaration nor any other recorded declaration affecting any portion of the Property shall be valid without the Declarant's written joinder thereto, which Declarant may withhold in the exercise of its sole and absolute discretion.

2.3 Creation of Associations and Neighborhood Declarations. Declarant (or another Person with Declarant's prior written consent and joinder during the time that Declarant owns any of the Property), may record instruments subjecting a portion of the Property to a neighborhood declaration ("Neighborhood Declaration"), upon which event such property shall then be subject to both this Declaration and such Neighborhood Declaration. Such Neighborhood Declaration may also create an association to implement and manage such Neighborhood ("Neighborhood Association"), and such Neighborhood Association may have the same, additional, or different rights, powers, duties or privileges with respect to such Neighborhood as the Association, in which event such Neighborhood may be subject to the jurisdiction of both the Neighborhood Association and the Association, and may cause the Owners of Dwelling Units within the Neighborhood to be members of the Neighborhood Association under such terms and conditions as may be provided therein, which may be the same as or substantially different from the terms and conditions of membership in the Association as provided herein. When in conflict, the Documents (as defined herein) shall prevail over the Neighborhood Declaration or other Neighborhood documents.

2.4 Annexation of Additional Property.

- (a) Prior to the Turnover Date. Prior to the Turnover Date, Declarant shall have the right, privilege, and option, in its sole discretion, to subject any additional property to the provisions of this Declaration and to the administration of the Association by filing a Supplemental Declaration in Lee County, Florida. Such Supplemental Declaration shall not require the consent of any of the Owners, any mortgagee of any Owner, or the Association, but shall require the consent of the owner of such additional property, if the

owner of such additional property is other than Declarant. Any such annexation shall be effective upon the filing of record of such Supplemental Declaration unless otherwise provided therein. Declarant shall have the right, in its sole discretion, to transfer to any other Person the right, privilege, and option to annex additional property which is reserved herein to Declarant, provided that such transfer is memorialized in a Supplemental Declaration.

- (b) Following the Turnover Date, the Association may not subject any property to the provisions of this Declaration and the jurisdiction of the Association without: (a) the affirmative votes of a majority of the Class "A" Members of the Association either in writing or present, in person or by proxy, at a meeting duly called for such purpose, (b) the consent of the owner of such property, and (d) the consent of Declarant so long as Declarant owns any portion of the Property.

2.5 Amendment of Article. This Article II shall not be amended without the prior written consent of Declarant, so long as Declarant owns any portion of the Property.

2.6 Paseo Community Development District.

- (a) Paseo Community Development District. The Paseo Community Development District (the "Paseo CDD") is a local, special purpose government authorized by Chapter 190, Florida Statutes, and is an alternative method for managing and financing infrastructure required to support community development. The improvements of the Paseo CDD will consist of roadways, a water management system (lake and water control structures), water, wastewater and irrigation re-use facilities, street lighting, landscaping, entry features, privacy provisions and related improvements. The Paseo CDD will retain ongoing maintenance responsibilities for certain improvements and may dedicate the water, wastewater and irrigation re-use facilities or other portions of the Paseo CDD property and facilities to governmental, quasi-governmental or utility companies for ownership, operation and maintenance thereof. Funds required to build, acquire, construct and manage the infrastructure will be obtained through the issuance of tax-exempt bonds. Each Owner within the Paseo CDD will pay for a share of the Paseo CDD improvements through a non-ad valorem assessment on such Owner's property, along with annual operating and maintenance assessments ("O&M"). This annual debt assessment and O&M assessment will be noted on each property owner's tax bill from Lee County and will be applied towards repaying principal, interest, operation and maintenance costs.
- (b) Management of the Paseo CDD. The Paseo CDD is governed by a Board of five (5) Supervisors elected initially by the Declarant. Following Turnover, the Board is elected by the majority vote of the electors within the Paseo CDD, in accordance with Chapter 190 of the Florida Statutes, commonly referred to as the Community Development District legislation. All meetings and records of the Paseo CDD are open to the public pursuant to law. The documentation related to the establishment and operation of the Paseo CDD, including its budget is available for inspection at the Paseo CDD's office. Likewise, detailed information about the assessment allocation method and the function of the Paseo CDD is available at the Paseo CDD's office.

ARTICLE III LAND DESIGNATION AND ADMINISTRATION

3.1 In General. The Property may be subjected to designated uses in accordance with the terms of this Declaration, by any Supplemental Declaration or by any other reasonable means by Declarant. Declarant may, in its sole and absolute discretion, establish any use for the Property consistent with the terms of the Master Plan, this Declaration and applicable law. Without limiting the foregoing, the Property may be used in the following manner:

- (a) Residential Areas. Residential areas shall be those areas used for residential use, which shall include Lots, Dwelling Units and improvements associated with residential purposes and uses including, but not limited to streets, driveways, sidewalks, entranceways, street lighting, open spaces, parking spaces, landscaping, swimming pools, other recreational facilities and other areas or amenities appurtenant to the Lots and/or Dwelling Units. Unless otherwise provided in the Declaration or in a Supplemental Declaration, each Owner shall be responsible for the maintenance of such Owner's Lot and/or Dwelling Unit.
- (b) Common Areas, Exclusive Common Areas
 - i. In General. Every Owner shall have a right and non-exclusive easement of use, access and enjoyment in and to the Common Areas, subject to this Declaration, as it may be amended from time to time, and to any restrictions or limitations contained in any deed conveying such property to the Association. Any Owner may delegate his or her right of use and enjoyment in the Common Areas to the members of his or her family, lessees and invitees, as applicable, subject to reasonable regulation by the Board and in accordance with procedures it may adopt.
 - ii. Declarant's Rights. Declarant shall determine the manner of making improvements to all Common Areas and the use thereof so long as Declarant owns any portion of the Property, and, thereafter, the Association shall have the same right provided the general quality of the Master Plan is not materially and detrimentally changed.
 - iii. Administration and Operation. The administration and operation of the Common Areas shall be the responsibility of the Association, except that the Association with the prior consent of the accepting party may assign or delegate such responsibility, in whole or in part, exclusively or non-exclusively, and permanently or temporarily, for any portion of the Common Areas to a Neighborhood, governmental entity or other Person determined to be appropriate by Declarant so long as Declarant owns any portion of the Property.
 - iv. Certain Declarant Rights. Declarant shall have the right, so long as Declarant owns any portion of the Property, to, in its sole and absolute discretion, alter the boundaries of the Common Areas and construct, develop or modify the Common Areas and any improvements, easements and use rights thereon or appurtenant thereto in a manner determined appropriate by Declarant, in its sole discretion, without the joinder or consent of any Person, including, without limitation, the Association, any Neighborhood, any Owners or any mortgagee of any Owner.

- v. Declarant Approval. The Association shall not abandon, partition, alienate, release, transfer, hypothecate, or otherwise encumber the Common Areas so long as Declarant owns any portion of the Property without the prior written approval of Declarant and, thereafter, without the prior approval of a majority of the votes eligible to be cast by the Class "A" Members. The preceding sentence shall not prohibit the Association from granting such easements over, under and above Common Areas as are reasonably necessary or appropriate for the development and operation of the Property in a manner consistent with the provisions of this Declaration, nor shall the foregoing prohibit the Association from encumbering Common Areas provided such encumbrances are solely to secure loans obtained for improving Common Areas, and the lien of such encumbrance is not superior to the provisions of this Declaration.
 - vi. Exclusive Common Areas. Certain provisions of the Common Areas may be designated as Exclusive Common Areas or Limited Common Areas and reserved for the exclusive use of Owners and occupants of Dwelling Units within a particular Neighborhood or Neighborhoods. By way of illustration and not limitation, Exclusive Common Areas may include recreational facilities intended for the exclusive use of Owners within a particular Neighborhood or Neighborhoods, and supported exclusively by Neighborhood Assessments.
- (c) Other Uses. Declarant may use any portion of the Property for commercial purposes. Declarant may also set forth any rights and obligations of the Owner of such portion of the Property, and the manner in which such portion of the Property shall be administered and assessed under this Declaration. Notwithstanding the foregoing, a portion of the Property may be used as a sales center for the sale and resale of Lots and Dwelling Units within the Community or other communities designated by Declarant. Declarant may assign, in whole or in part, its rights under this, Section 1(c).
 - (d) Cooperation with Community Development District(s). The Association shall have the power, and is hereby authorized, to contract with and to cooperate with the Paseo CDD, or any other such community development district, in order to ensure that their respective responsibilities are discharged. The Association is authorized to enter into agreements with any community development district(s) to construct, maintain, improve, replace, insure and perform other responsibilities as may be set forth in such agreement(s) with respect to signage, landscaping, or other functions which may be performed, in whole or in part, by such community development district(s). The expense of such activities may be allocated pursuant to an agreement with the appropriate community development district(s). The Association is further authorized to act on behalf of its Members to ensure that the level of services provided by any community development district, if created, is consistent with the Community-Wide Standard. Each Owner or Builder, by owning or accepting a deed or recorded contract of sale for any portion of the Property, is deemed to covenant and consent to the creation of one or more community development district(s) and to the execution of a separate document so consenting to its creation if requested to do so by the Declarant.
 - (e) Surface Water Management Systems. The Surface Water Management Systems provide on-site storm water retention within the Property. These water management systems are designed to hold water during the rainy season, and standing water may result in the Common Areas and Lots. The Association and/or the Paseo CDD shall be responsible for the operation, repair and maintenance of the Surface Water Management Systems.

3.2 Disputes as to Use. If there is any dispute as to whether the designation of any portion of the Property complies with this Declaration, any Supplemental Declaration, or any other documents, then, prior to the Turnover Date, the dispute shall be referred to Declarant. After the Turnover Date, the dispute shall be referred to the Association; provided, any decision of the Association shall require the approval of Declarant so long as Declarant owns any Lots and/or Dwelling Units with the Community. The determination rendered by Declarant or the Association (with Declarant consent, if applicable), as the case may be, shall be final and binding on all Persons involved in the dispute.

ARTICLE IV DEVELOPMENT OF COMMON AREAS

4.1 Construction and Inspection of the Common Areas. Declarant or the Paseo CDD will construct, furnish and equip, the Common Areas in accordance with the Master Plan, as may be amended. Certain portions of the Property may be dedicated to the public or transferred to the Paseo CDD, as applicable, including without limitation, portions of the Common Areas, the roadways, Surface Water Management Systems, Conservations Areas, and Slough Arm, and upon acceptance thereof, such entity shall be responsible for the maintenance thereof.

4.2 Transfer of Common Areas. On or before the Turnover Date, Declarant agrees to convey, transfer, assign and deliver to the Association, and the Association shall accept same from Declarant, Declarant's interest in the Common Areas as the same exists on the date of conveyance.

4.3 Disclaimer of Warranties. The Association agrees that the Common Areas shall be conveyed in its "where is, as is" condition and without recourse, and Declarant disclaims and makes no representations, warranties or other agreements express or implied with respect thereto, including without limitation, representations or warranties of merchantability or fitness for the ordinary or any particular purpose, and representations or warranties regarding the condition, design, construction, accuracy, completeness, adequacy of the size or capacity in relation to utilization or the future economic performance or operations of the Common Areas. No claim shall be made by the Association or any Owner relating to the condition, operation, use, accuracy or completeness of the Common Areas or for incidental or consequential damages arising therefrom. Declarant will transfer and assign to the Association, without recourse, all warranties which it receives from manufacturers and suppliers relating to any of the Common Areas which exist and are assignable.

ARTICLE V USE RESTRICTIONS

5.1 In General. The Property shall be used only for residential, recreational, and related business and commercial purposes, which purposes may include, without limitation, offices for any property manager retained by the Association or business, sales, real estate offices for Declarant or the Association, and other businesses which serve and are a part of the Community, as may more particularly be set forth in this Declaration and amendments hereto. Any Supplemental Declaration or additional covenants imposed on the property within any Neighborhood may impose stricter standards than those contained in this Article. The Association, acting through its Board of Directors, shall have standing and the power to enforce such standards. The Association, acting through its Board of Directors, shall have authority to make, and the Association acting through its Board of Directors shall have the authority to enforce, standards and restrictions governing the use of the Property in addition to those contained herein and in the Community-Wide Standards. Such regulations and use restrictions shall be binding upon all Owners, occupants, invitees and licensees. Notwithstanding anything to the contrary herein, Declarant shall be exempt from application of the provisions of this Article.

- (a) Accessory Structures. Doghouses, tool sheds or structures of a similar kind or nature are not permitted on any part of the Property without prior approval from the DRC.
- (b) Air Conditioning Dwelling Units. Except as may be permitted by the DRC, no window air conditioning units may be installed in any Dwelling Unit.
- (c) Animals and Pets. No animals, of any kind shall be raised, bred or kept on any portion of the Property, except that dogs, cats, fish, or other usual and common household pets may be permitted on a Lot. However, those pets which are permitted to roam free, or which, in the sole discretion of the Board of Directors, endanger the health and safety of the Members of the Association, make objectionable noise, or constitute a nuisance or inconvenience to the other Members of the Association shall be removed upon request of the Board of Directors. If the Owner fails to honor such request, the pet may be removed by the Board of Directors. No pets shall be kept, bred or maintained for any commercial purpose. Household pets shall at all times whenever they are outside the Owner's Dwelling Unit be confined on a leash held by a responsible person.
- (d) Antennas, Satellite Dishes. Placement of antennas, satellite dishes, or other apparatus for the transmission, reception, or communication of television, radio, satellite, or other signals are not permitted, except for one small receiver which may be located in the side or rear yard, installed adjacent to the residence, integrated with the residential structure and landscaping, and approved by the DRC. Unless otherwise provided by law, dishes shall not exceed 40 inches in diameter. Any such devices shall be screened or landscaped from view from the street and adjacent Dwelling Units. The Association may, but shall not be required, to enter into a bulk rate cable television agreement to provide cable television service to all of the Dwelling Units as provided in the Article entitled "Cable Television" hereof.
- (e) Artificial Vegetation, Exterior Decorations, and Similar Items. No artificial vegetation shall be permitted on any Lot. Exterior decorations, including without limitation, sculptures, fountains, flags, seasonal decorations and similar items must be approved by the DRC.
- (f) Clotheslines, Garbage Cans, Tanks. Clotheslines, garbage cans, storage tanks, mechanical equipment, including, without limitation, electrical meters, gas meters and air conditioning compressors, or other similar items shall be located or screened so as to be concealed from view of neighboring Lots, Dwelling Units and streets. All rubbish, trash, and garbage shall be stored in appropriate containers with lids and regularly removed from the Property and shall not be allowed to accumulate thereon. All basketball hoops, backboards, storage tents, mechanical equipment, garbage can storage structures and other such items shall be subject to the approval of the DRC.
- (g) Business Use. No trade or business may be conducted in or from any Dwelling Unit, except that an Owner or occupant residing in a Dwelling Unit may conduct business activities within the Dwelling Unit so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Dwelling Unit; (b) the business activity conforms to all zoning requirements for the Property; (c) the business activity does not involve persons coming onto the Property who do not reside in the Property or door-to-door solicitation of residents of the Property; and (d) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the

security or safety of other residents of the Property, as may be determined in the sole discretion of the Board.

The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor. Notwithstanding the above, the leasing of a Dwelling Unit shall not be considered a trade or business within the meaning of this section. This section shall not apply to any activity conducted by the Declarant with respect to its development and sale of the Property or its use of any Dwelling Units which it owns within the Property.

- (h) Decks. Decks must be located at the rear of Dwelling Units and must be approved by the DRC. The configuration, detail and railing design of a deck shall be harmonious with the architectural style of the Dwelling Unit.
- (i) Drainage. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Person, other than Declarant or the Association, may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Declarant hereby reserves for itself and the Association a perpetual easement across the Property for the purpose of altering drainage and water flow.
- (j) Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Lot or Dwelling Unit unless it is an integral and harmonious part of the architectural design of the Lot or Dwelling Unit, as determined in the sole discretion of the DRC. Under no circumstances shall solar panels be installed so as to be visible from any street in the Community.
- (k) Firearms. The discharge of firearms within the Property is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size. Notwithstanding anything to the contrary contained herein or in the By-Laws, the Association shall not be obligated to take action to enforce this Section.
- (l) Irrigation. No sprinkler or irrigation systems of any type which draw from any body of water within the Property shall be installed, constructed or operated by any Person, other than the Association or the Declarant, without the prior written approval of the DRC. All parcels which are shall be required to have an underground irrigation system. In the event effluent irrigation water is available, each Builder may, at its sole cost and expense, be required to connect the irrigation system for its parcel to the effluent source.
- (m) Lighting. Each Builder may be required to install on any Dwelling Units constructed by such Builder exterior lighting as determined by the DRC. Owners of the Lots or Dwelling Units served by such lighting will be responsible for maintaining the lighting and the Association shall have the right, at Owner's cost and expense, to maintain such lighting in the event Owner fails to do so. All exterior lighting must be approved by the DRC prior to installation.

- (n) Mailboxes and Exterior Hardware. The style and design of all mailboxes, lettering and numbering, and exterior hardware must be in accordance with the Design Guidelines.
- (o) Maintenance of Lots and Dwelling Units. Each Owner of a Lot and/or Dwelling Unit shall be obligated to keep and maintain the same in accordance with the terms set forth below:
 - i. Landscaping. No weeds, underbrush, or other unsightly growth shall be permitted to grow or remain upon any Lot, and no refuse or unsightly objects shall be allowed to be placed or suffered to remain upon any Lot. All landscaping, sprinkler systems and any property, structure, improvement and appurtenance shall be kept in good, safe, clean, neat and attractive condition and shall in no way be altered without prior approval of the DRC.
 - ii. Painting. The exterior of all Dwelling Units shall have a fresh coat of paint, applied evenly and no excessive cracks, peelings, or strippings shall be allowed to remain unremedied.
 - iii. Roofing. The roofs of all Dwelling Units shall be maintained in a clean, neat and attractive condition with a full complement of roof tiles or shingles. Upon the failure to maintain the premises as aforesaid to the satisfaction of the Association, the Association may, but shall not be required to, enter upon such premises and make such improvements or corrections as may be necessary, the costs of which along with an administrative surcharge of ten percent (10%) of such amount shall be assessed against the affected Owners in accordance with the "Maintenance" Article hereof.
 - iv. Nuisance. No portion of the Property shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye, nor shall any substance, thing, or material be kept upon any portion of the Property that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding Dwelling Units. No noxious, illegal or offensive activity shall be carried on upon any portion of the Property.
 - v. Occupants Bound. All provisions of this Declaration, the By-Laws, the Articles and the Rules and Regulations or any use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests and invitees of any Dwelling Unit. Every Owner shall cause all occupants of his or her Dwelling Unit to comply with this Declaration, the By-Laws, the Articles and the Rules and Regulations and shall be responsible for all violations and losses to the Common Areas caused by such occupants, notwithstanding the fact that such occupants of a Dwelling Unit are fully liable and may be sanctioned for any violation of this Declaration, By-Laws, Articles and Rules and Regulations.
 - vi. On-Site Fuel Storage. No on-site storage of gasoline or other fuels shall be permitted on any part of the Property except that the Association shall be permitted to store fuel for operation of maintenance vehicles, generators and similar equipment. Notwithstanding this provision, fuel tanks for storage of fuel

for ranges, ovens, dryers, water heaters, dwellings, pools, gas grills and similar equipment may be permitted if installed underground or appropriately screened and approved by the DRC.

- vii. Parking. Vehicles shall be parked only in the garages or in the driveways, if any, serving the Lots and/or Dwelling Units, or in appropriate spaces or designated areas in which parking may or may not be assigned. Notwithstanding the above, no more than two (2) vehicles shall be parked in the driveway serving any Lot or Dwelling Unit on a regular basis. For purposes of this paragraph, a car shall be deemed parked on a "regular basis" if parked in such driveway more than seventy-two (72) hours in any seven day period without prior approval of the Board of Directors. Garage doors shall remain closed at all times except during ingress and egress. Any vehicle which is parked in violation of this paragraph or parking rules promulgated by the Board may be towed in accordance with the By-Laws. Notwithstanding the foregoing, service and delivery vehicles may be parked in the driveway of a Dwelling Unit during daylight hours for such period of time as is reasonably necessary to provide service or make a delivery to the Dwelling Unit.
- viii. Playground, Play Equipment, Strollers. All bicycles, tricycles, scooters, skateboards, and other play equipment, wading pools, baby strollers and similar items shall be stored so as not to be visible from streets or property adjacent to the Dwelling Unit. No such items shall be allowed to remain in the open so as to be visible from adjacent property when not in use. Notwithstanding the above, the Board of Directors may, but shall not be obligated, to permit swing sets and similar permanent playground equipment to be erected within the Community provided they are approved by the DRC. Any playground or other play areas or equipment furnished by the Association or erected within the Community shall be used at the risk of the user, and the Association shall not be held liable to any Person for any claim, damage, or injury occurring thereon or related to use thereof.
- ix. Pools. No above-ground pools shall be erected, constructed or installed on any Lots, except that above ground spas and jacuzzis may be permitted as approved by the DRC.
- x. Prohibited Vehicles. No commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, pick-up trucks, over-sized vehicles (defined as any vehicle too long, tall or wide to fit in the Owner's garage), tractors, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, and boat trailers shall be parked or stored within the Community, except in areas specifically designated for such use by the Board of Directors. Stored vehicles and vehicles which are either obviously inoperable or do not have current operating licenses shall not be permitted within the Community, except within enclosed garages. For purposes hereof, a vehicle shall be considered "stored" if it is put up on blocks or covered with a tarpaulin and remains on blocks or so covered for fourteen (14) consecutive days without the prior approval of the Board of Directors. Notwithstanding the foregoing, service and delivery vehicles may be parked in the driveway of a Lot during daylight hours for such period of time as is reasonably necessary to provide service or make a

delivery to a Dwelling Unit. Any vehicle which is parked in violation of this paragraph may be towed by the Board of Directors at the Owner's expense. This paragraph shall not apply to any commercial vehicles providing service or making deliveries to or on behalf of the Association, Declarant or their designees.

- xi. Roadways, Sidewalks, Driveways. All utilities within the Property shall be installed underground, unless otherwise specifically permitted by Declarant or the DRC. Utility lines, including without limitation cable television and gas, may only be installed, repaired or replaced under existing roadways, sidewalks and driveways by a method which will not disturb the paved surface of such roadway, driveway or sidewalk. This restriction is intended to preserve the aesthetic nature of the paved surfaces.
- xii. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.
- xiii. Signs and Flagpoles. No sign, billboard or advertisement shall be erected except as otherwise specifically permitted by the DRC. The Board of Directors shall have the right to erect signs as it deems appropriate, in its discretion.
- xiv. Subdivision of Lots, Dwelling Unit and Timesharing. No Lot or Dwelling Unit shall be subdivided or its boundary lines changed except by Declarant or with the prior written approval of the Board of Directors of the Association. No Dwelling Unit shall be made subject to any type of timeshare program, interval ownership or similar program whereby the right to exclusive use of the Dwelling Unit rotates among multiple owners or members of the program on a fixed or floating time schedule over a period of years, except that Declarant hereby reserves the right for itself and its assigns to operate such a program with respect to Dwelling Units which it owns. This paragraph shall not prohibit ownership of a Dwelling Unit by up to four (4) joint tenants or tenants-in-common.
- xv. Tents, Trailers and Temporary Structures. Except as may be permitted by the DRC, during initial construction within the Community, no tent, utility shed, shack, trailer or other structure of a temporary nature shall be placed within the Community. This Section shall not apply to Declarant.
- xvi. Tree Removal. No trees, other than diseased or dead trees and trees needing to be removed to promote the growth of other trees or for safety reasons, shall be removed unless approved by the DRC. Any stumps resulting from trees being damaged by acts of God must be removed. This Section shall not apply to Declarant.
- xvii. Utility Lines. No overhead utility lines, including lines for cable television, shall be permitted within the Community, except as otherwise specifically permitted by Declarant or the DRC.
- xviii. Walls and Fencing. Except as otherwise specifically permitted by the DRC, walls and fencing on a Lot shall not be permitted.

- xix. Wells. No private wells are permitted on any Lot without the prior written approval of Declarant or the DRC.
- xx. Wetlands, Lakes and Water Bodies. All Wetlands, lakes, ponds, and streams within the Property, if any, shall be storm water retention facilities or aesthetic amenities only, and no other use thereof, including, without limitation, fishing, swimming, boating, playing, or use of personal flotation devices, shall be permitted unless otherwise permitted by Declarant or the Board of Directors. Neither the Declarant nor the Association shall be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, streams or shoreline within the Property. No docks, piers, or other structures shall be constructed on or over any body of water within the Property, except such as may be constructed by Declarant, the Association, or as approved pursuant to the "Developmental Standards and Review" Section of this Declaration. The elevation of the land shall not be altered and fill shall not be used to extend the boundaries of a Lot or to change the bulkhead line on any Lot bounded by a Wetland, lake, or other body of water unless approved in accordance with the "Developmental Standards and Review" Section of this Declaration.
- xxi. Window Coverings. All windows on any structure which are visible from the street or dwellings on other Dwelling Units shall have window coverings which have a white or off-white backing or blend with the exterior color of the dwelling, as determined in the sole discretion of the DRC after application pursuant to "Developmental Standards and Review" Section of this Declaration. Reflective window coverings are prohibited.
- xxii. Condominium and Neighborhood Associations. The exterior of condominium buildings may be maintained by the Neighborhood Association responsible for such condominium, if set forth in the Neighborhood Declaration. Notwithstanding the foregoing, each Owner shall continue to be responsible for the maintenance of such condominium buildings in the event the Neighborhood Association fails to maintain the same.

5.2 Leasing. An Owner may lease his or her Dwelling Unit without prior Association approval, subject to the following restrictions and conditions:

- (a) The lease must be written, and a fully executed copy must be provided to the Association not less than three (3) days before the beginning of the lease term, together with such other information about the tenants as the Board of Directors may reasonably require.
- (b) No Dwelling Unit may be leased or rented for a term of less than sixty (60) consecutive days. Further, no Dwelling Unit may be leased to more than three (3) different tenants in any twelve month period.
- (c) No subleasing or assignment of lease rights is allowed. All of the provisions of the Documents and the then applicable and approved rules and regulations of the Association pertaining to use and occupancy shall be applicable and enforceable against any person occupying a Dwelling Unit as a lessee or guest to the same extent as against an Owner, and a covenant on the part of each occupant to abide by the rules and regulations of the Association and the provisions of the Documents, designating the Association as the

Owner's agent, with the authority to terminate any lease and evict the tenant in the event of violations by the tenant of such covenant, shall be deemed to be included in every lease whether oral or written, and whether specifically expressed in such lease or not.

DECLARANT AND ASSOCIATION MAKE NO REPRESENTATIONS OR WARRANTIES REGARDING THE FINANCIAL FEASIBILITY OF RENTING OR THE INCOME TO BE DERIVED THEREFROM; ANY OWNER WHO DESIRES OR INTENDS TO RENT A DWELLING UNIT MUST INDEPENDENTLY DETERMINE AND ASSUME RESPONSIBILITY FOR THE FEASIBILITY OF RENTING, AND SHOULD CONSULT ITS OWN ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES AND ECONOMIC ADVANTAGES OF OWNERSHIP.

5.3 Exculpations and Approvals. Declarant, the Association, the DRC, and any of their agents may grant, withhold or deny their consent, permission or approval in any instance when their consent, permission or approval is permitted or required at their sole discretion and without any liability of any nature or kind to any Owner or any other Person for any reason whatsoever, and shall be indemnified and held harmless by such Owner or other Person from any and all damages resulting therefrom, including, but not limited to, court costs and reasonable attorneys' fees. Every consent, permission or approval by Declarant, the Association, the DRC, or any of their agents under this Declaration shall be in writing, and binding upon all Persons.

5.4 Community-Wide Standards, Rules and Regulations. The Association, through the Board, shall have the right to promulgate and impose further Community-Wide Standards or any rules and regulations of the Association and thereafter to modify, alter, amend, rescind and augment any of the same with respect to the use, operation and enjoyment of all or a portion of the Property, the Common Areas, the Exclusive Common Areas and any improvements located thereon including, but not limited to, establishing reasonable fees for the use of facilities and establishing hours and manner of operation.

ARTICLE VI DEVELOPMENTAL STANDARDS AND REVIEW

6.1 In General. All construction improvements and modifications shall comply with the Master Plan, the applicable building regulations and standards established by the applicable governmental authority from time to time as well as the terms and conditions set forth in this Declaration. EACH OWNER AND BUILDER ACKNOWLEDGES THAT PRIOR TO SUBMITTING AN APPLICATION FOR A BUILDING PERMIT FOR ANY CONSTRUCTION OR IMPROVEMENT, THE PLANS FOR SUCH CONSTRUCTION OR IMPROVEMENT SHALL BE SUBJECT TO THE REVIEW AND APPROVAL OF THE DRC.

6.2 Developmental Standards. No construction (which term shall include, without limitation, staking, clearing, excavating, grading, and other site work), no exterior alteration, improvement or modification of existing improvements, and no plantings or removal of plants, trees, or shrubs shall take place except in strict compliance with this Article, until the requirements below have been fully met, and until the approval of the DRC has been obtained pursuant to this Section. The Board of Directors may establish reasonable fees to be charged by the committees on behalf of the Association for review of an application for approval hereunder, which fees, if established, shall be paid in full prior to review of any application hereunder. All structures constructed on any portion of the Property shall be designed by and built in accordance with the approved plans and specifications.

This Article shall not apply to any construction on or improvements or modifications to the Common Areas made by or on behalf of the Association or to the activities of Declarant. The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction decisions of the DRC established in this Article. This Article may not be amended without the Declarant's prior written consent so long as the Declarant owns any portion of the Property.

The Developmental Review Committee shall have exclusive jurisdiction to review and approve all original construction on any portion of the Property. Declarant retains the right, so long as Declarant owns any portion of the Property, to appoint all members of the DRC, which shall consist of not less than three, nor more than five, persons. Upon the expiration of such right, the Board of Directors shall appoint the members of the DRC.

The DRC shall prepare and promulgate on behalf of the Board of Directors design and development guidelines and application and review procedures ("Design Guidelines"). Copies of the Design Guidelines shall be available from the DRC for review. The DRC shall have sole and full authority to prepare and to amend the Design Guidelines. The Design Guidelines shall be available to Owners and Builders who seek to engage in development of or construction upon all or any portion of the Property, and such Owners and Builders shall conduct their operations strictly in accordance therewith. A non response by the DRC within the review timeframe as outlined in the Design Guidelines shall not be deemed an approval. Approvals will be issued in writing and shall in no way relieve the Owner or Builder of this responsibility and liability for adherence to any applicable ordinances and codes. By acquiring title to a Lot and/or Dwelling Unit, each Owner acknowledges that, prior to acquiring such title, such Owner obtained and reviewed a current copy of the Design Guidelines from the DRC, and agrees that the construction or remodeling of any improvements on such Owners Lot and/or Dwelling Unit shall be subject to the terms, provisions and procedures thereof. In addition to the foregoing, the DRC shall also have the authority to promulgate landscape design criteria ("Landscape Criteria"), which shall also be considered by the DRC when reviewing the proposed construction of a dwelling on any Lot. By acquiring title to a Lot and/or Dwelling Unit, each Owner acknowledges that, prior to acquiring title to such Lot or Dwelling Unit, such Owner has obtained and reviewed a current copy of the Landscape Criteria from the DRC and acknowledges and agrees the development of such Owner's Lot or Dwelling Unit shall also be subject to the terms and provisions thereof.

6.3 No Waiver of Future Approvals. The approval of the DRC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of such committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or other matters whatever subsequently or additionally submitted for approval or consent.

6.4 Variance. The DRC may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require. Such variances may only be granted, however, when unique circumstances dictate and no variance shall be effective unless it is reduced to writing. No variance shall stop the DRC from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

6.5 No Liability. No review or approval by the DRC shall imply or be deemed to constitute an opinion by the DRC, nor impose upon the DRC, the Association, Declarant or any other party, any liability for the design or construction of building elements, including, but not limited to, structural integrity or life and safety requirements. The scope of any such review and approval by the DRC is limited solely to whether the respective plans or work meet certain requirements, standards, and

guidelines relating to aesthetics and the harmony and compatibility of proposed improvements in the Community. No review or approval will be for any other Person or purpose, and no Person other than the DRC shall have any right to rely thereon, and any review or approval by the DRC will create no liability whatsoever of the DRC, Declarant or the Association to any other Person or party whatsoever.

6.6 Compliance. Any Owner, Builder, or contractor, subcontractor, agent or employee of an Owner or Builder who fails to comply with the terms and provisions of the guidelines and procedures promulgated by the DRC may be fined and/or excluded by the Board of Directors from the Property without liability to any Person, subject to the notice and hearing procedures contained in the By-Laws, and any improvements constructed in violation of this Section may be razed by the Association without payment or liability to any Person.

ARTICLE VII NEIGHBORHOODS

7.1 Neighborhoods. A parcel of land intended for development as residential area may constitute a Neighborhood, subject to further division into more than one Neighborhood upon further development. Neighborhoods may be designated by Supplemental Declarations in accordance with Paragraph 2 and 3 of Article II. The Lots and Dwelling Units within a particular Neighborhood may be subject to additional covenants and/or the Owners may be members of a Neighborhood Association in addition to the Association, but no such Neighborhood Association shall be required except in the case of a condominium or as otherwise required by law. Each Neighborhood, upon the affirmative vote, or written consent, or a combination thereof, of a majority of Owners within the Neighborhood, may request that the Association provide a higher level of service or special services for the benefit of Lots and/or Dwelling Units in such Neighborhood, the cost of which shall be assessed against the benefited Lots and/or Dwelling Units as a Neighborhood Assessment. The Association may, but is not required to, provide such higher level of services. The Board of Directors of the Association may consult on an advisory basis with the Neighborhood on maintenance of Exclusive Common Areas and other issues affecting the Neighborhood.

7.2 Exclusive Common Areas.

- (a) **Neighborhood Expense.** The cost and expense of the Exclusive Common Areas shall be borne by the Owners of Dwelling Units located in the Neighborhood benefited by such Exclusive Common Areas, as set forth in a Supplemental Declaration, a Neighborhood Declaration, or otherwise.
- (b) **Operation of Neighborhood.** A Neighborhood shall have the right, subject to Declarant's prior consent, to contract with the Association to provide for the operation and maintenance of its Exclusive Common Areas.

7.3 Certain Rights of Association Regarding Neighborhoods.

- (a) **Enforcement.** If any Neighborhood fails to comply with this Declaration or any of the other Documents, the Association shall have the right and power, but neither the duty nor the obligation, to enforce the provisions of this Declaration or to perform the Neighborhood's duties and responsibilities, or to seek judicial relief or remedy to require compliance with same, and to obtain payment of the cost of such performance or enforcement, plus a reasonable administrative charge equal to ten percent (10%) of such amount.

- (b) Special Assessments. The Association shall have the right, in addition to any other rights of the Association, to specially assess the members of a Neighborhood and such Neighborhood for expenses incurred by the Association for such Neighborhood.
- (c) Entry Rights. The Association shall have the right, for itself, its designee, or any agent or employee, to enter upon any property administered by a Neighborhood to carry out the provisions of the Documents, and the same shall not constitute a trespass.
- (d) Right to Maintain Exclusive Common Areas. The Association shall have the right to maintain the Exclusive Common Areas of a Neighborhood, including in particular, all landscaping within the Neighborhood, and may assess the cost of such maintenance as a Neighborhood Expense.

ARTICLE VIII MEMBERSHIP AND VOTING RIGHTS

8.1 Classes of Membership and Voting Rights. There shall be three classes of membership in the Association as follows:

- (a) Class "A" Membership. Each Owner of a Lot or Dwelling Unit, other than Declarant, shall be a Class "A" Member. Each Class "A" Member shall be entitled to one (1) vote for each Lot or Dwelling Unit owned by the Member.
- (b) Class "B" Membership. Declarant shall be a Class "B" Member until the Turnover Date, after which time Declarant shall be a Class "A" Member for so long as it owns one or more Lots and/or Dwelling Units. The Class "B" Member shall be entitled to five (5) votes for each Lot or Dwelling Unit owned by the Class "B" Member. Moreover, the Class "B" Member shall have veto rights as to all matters coming before the Board or otherwise affecting the Association or the Property. After Declarant is converted to a Class "A" Member, it shall be entitled to one (1) vote for each Lot or Dwelling Unit it owns. The Class "B" Member shall be entitled to appoint all of the members of the Board of Directors until the date set forth below.

8.2 Joint Ownership. Voting rights may be exercised by a Member or the Member's spouse. In any situation where more than one Person holds an interest in a Dwelling Unit, the vote for that Dwelling Unit shall be exercised by any such Person; provided, however, the Persons holding the interest in the Dwelling Unit can notify the Secretary of the Association, in writing, prior to or during any meeting of the manner in which the vote for the Dwelling Unit is to be exercised and, in the absence of such notice, the Dwelling Unit's vote shall be suspended if more than one Person seeks to exercise it. The voting rights of a Member that is a company or other form of entity ownership shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary.

8.3 Turnover Date. The Turnover Date shall occur on the earlier of the following conditions:

- (a) Three (3) months after the sale of ninety percent (90%) of all the Dwelling Units permitted for the Property to Persons other than Declarant or Builders; or
- (b) Such earlier date, as determined by the Declarant, in its sole and absolute discretion.
- (c) The Declarant shall continue to be able to appoint one member of the Board of Directors as long as the Declarant holds for sale in the ordinary course of business at least five

percent (5%) of the Dwelling Units in all phases of Paseo. After the Declarant relinquishes control of the Association, the Declarant may exercise the right to vote all of its voting interests in the same manner as any other Member, except for purposes of reacquiring control of the Association or selecting the majority of the members of the Board of Directors.

ARTICLE IX ASSESSMENTS

10.1 Affirmative Covenant to Pay Assessments. There is hereby imposed upon each Owner and each Dwelling Unit, the affirmative covenant and obligation to pay to the Association all Assessments with respect to the Dwelling Unit. Each Owner, by acceptance of a deed or other instrument of conveying title to a Dwelling Unit, whether or not it is so expressed in such deed or instrument, shall be obligated and agrees to pay all Assessments, regardless of their nature, including, but not limited to, any then past due Assessments in accordance with the provisions of this Declaration, and consents and agrees to the lien rights hereunder against the Dwelling Unit. The liability for Assessments is personal to the Owner and may not be avoided by waiver of the use or enjoyment of Common Areas or Exclusive Common Areas, or by abandonment of the Dwelling Unit for which the Assessments are made. Neither the liability for Assessments, nor the amount of Assessments, shall be reduced or avoided due to the fact that all or any portions of the Common Areas, Exclusive Common Areas or other portions of the Property are not completed. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or the Board of Directors to take some action or perform some function required to be taken or performed by the Association or the Board of Directors under this Declaration, the By-Laws or the Articles, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any action taken to comply with any law or with any order or directive of any municipal or other governmental authority.

10.2 Creation of Assessments. There are hereby created Assessments for expenses of the Association as the Board of Directors may authorize from time to time to be commenced at the time and in the manner set forth in the "Payment of Assessments" Section below. There shall be three (3) types of Assessments:

- (a) Common Assessments. Common Assessments shall be levied equally on all Lots and Dwelling Units.
- (b) Neighborhood Assessments. Neighborhood Assessments (if any) shall be levied equally on all Lots and/or Dwelling Units within the Neighborhood or Neighborhoods for whose benefit Neighborhood Expenses are incurred as provided in the "Computation of Neighborhood Assessments" Section, below; and
- (c) Special Assessments. Special Assessments shall be levied as provided in the "Special Assessments" Section below.

10.3 Payment of Assessments. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, an acceleration of the annual Common Assessment and any Neighborhood Assessment for delinquents. Unless the Board of Directors provides otherwise, the Common Assessment and any Neighborhood Assessment shall be paid in advance on a quarterly basis. The Association shall, upon demand at any time, furnish to any Owner liable for any type of Assessment a certificate, in writing, signed by an officer of the Association, setting forth whether such Assessment has been paid in respect of any particular Dwelling Unit. Such certificate shall be conclusive evidence that the Assessment stated therein has been paid to the Association. The

Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

10.4 Computation of Common Assessment. It shall be the duty of the Board of Directors to prepare a budget annually covering the estimated Common Expenses of the Association for the ensuing fiscal year (including the capital replacement reserve provided for in the section entitled "Reserve Budget"). The Common Assessment levied against each Dwelling Unit which is subject to the Common Assessment shall be computed by dividing the budgeted Common Expenses by the total number of Dwelling Units which are subject to Common Assessments plus the total number of Dwelling Units reasonably anticipated to become subject to Common Assessments during the fiscal year. The budget and the amount of the Common Assessment shall be determined by the Board of Directors in their sole and absolute discretion. The Board of Directors shall cause a copy of the Common Expense budget and notice of the amount of the Common Assessment to be levied for the following year to be delivered to each Owner at least thirty (30) days prior to the beginning of the fiscal year. Notwithstanding the foregoing, in the event the Board fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue; provided, however, that upon the adoption of a new budget, the same shall be deemed retroactive to the beginning of the then current budget year and each Owner shall pay the increase, if any, in the Common Assessment for the beginning of such year at the time the next installment is due.

10.5 Computation of Neighborhood Assessments. It shall be the duty of the Board of Directors annually to prepare a separate budget covering the estimated Neighborhood Expenses to be incurred by the Association for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred for the ensuing fiscal year. The Board of Directors shall be entitled to set such budget only to the extent that this Declaration or a Supplemental Declaration specifically authorizes the Board of Directors to assess certain costs as a Neighborhood Assessment. Any Neighborhood may request that additional services or a higher level of services be provided by the Association, and in such case, any additional costs shall be added to the Neighborhood's budget. This budget may include a capital contribution establishing a reserve fund for repair and replacement of capital items within the Neighborhood, as appropriate. The Neighborhood Assessment levied against each Dwelling Unit in that Neighborhood which is subject to the Neighborhood Assessment shall be computed by dividing the budgeted Neighborhood Expenses for that Neighborhood by the total number of Dwelling Units within such Neighborhood which are subject to the Neighborhood Assessments plus the total number of Dwelling Units in that Neighborhood reasonably anticipated to become subject to the Neighborhood Assessments during the fiscal year. The Board of Directors shall cause a copy of such budget and notice of the amount of the Neighborhood Assessment to be levied on each Dwelling Unit for the coming year to be delivered to each Owner of a Dwelling Unit in the benefited Neighborhood at least thirty (30) days prior to the beginning of the fiscal year. In the event the Board of Directors fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue.

10.6 Special Assessments.

- (a) As To All Members. The Board of Directors, upon the affirmative vote of a majority of votes cast by the Members of the Association and the consent of the Class "B" Member so long as the Class "B" Membership exists, may levy Special Assessments for capital improvements and repairs from time to time. No membership vote shall be required for Special Assessments due to budget shortfalls in any year, as a result of an emergency to protect, preserve or repair the Common Areas from any casualty or threat thereof, or as otherwise provided in subsection (b) hereof. Special Assessments pursuant to this

paragraph shall be payable in such manner and at such times as determined by the Board of Directors, and may, if the Board of Directors so determines, be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

- (b) Less Than All Members. Without a membership vote, the Association may levy a Special Assessment against any Member individually and against such Member's Dwelling Unit to reimburse the Association for costs incurred in bringing a Member and the Lot or Dwelling Unit into compliance with the provisions of the Declaration, any amendments thereto, the Articles, the By-Laws, the Community-Wide Standards or the Rules and Regulations, which Special Assessment may be levied upon the vote of the Board of Directors after notice to the Member and an opportunity for a hearing. The Association may also levy, without a membership vote, a Special Assessment against the Dwelling Units in any Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of this Declaration, any amendments thereto, any Supplemental Declaration, if applicable, and the Articles, the By-Laws, the Community-Wide Standards or the Rules and Regulations, which Special Assessment may be levied upon the vote of the Board of Directors after notice to the Members from such Neighborhood and an opportunity for a hearing. In the event the Association enters into a bulk rate cable television agreement for the Community, the Association may without a vote of the members assess all Dwelling Units for which a certificate of occupancy has been issued for cable television service. For any Special Assessment levied for failure to comply with the Documents, the Association may add an administration charge equal to ten percent of such amount.

10.7 Declarant's Obligation for Assessments. Beginning on the date of the recordation hereof, and continuing so long as Declarant owns one or more Lots and/or Dwelling Units, Declarant shall (in lieu of paying Assessments on Lots or Dwelling Units owned by Declarant) pay the difference, if any, between the amount of Assessments payable by Owners other than Declarant and the actual Common Expenses incurred by the Association for each Assessment period unless Declarant otherwise elects to pay Assessments on its unsold Lots or Dwelling Units as described more fully below. If Declarant determines not to pay the difference between the amount of Assessments payable by Owners other than Declarant and the actual Common Expenses, then Declarant shall pay Assessments for the Lots and Dwelling Units which Declarant owns. Unless Declarant otherwise notifies the Board of Directors in writing at least sixty (60) days prior to the end of the fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as the preceding fiscal year. Declarant's obligations hereunder may be satisfied in the form of a cash subsidy or by "in kind" contributions of services or materials, or a combination of the same.

10.8 Establishment of Lien. Any and all Assessments, together with interest at a rate not to exceed the highest rate allowed by applicable usury law as computed from the date the delinquency first occurs, and such late charges and fines as may be established by the Board of Directors and costs and reasonable attorneys' fees may, upon compliance with applicable law, become a lien upon the Dwelling Unit against which each Assessment is made and any other assets of the Owner. Each Assessment, together with interest, late charges, costs, and reasonable attorneys' fees, shall also be the personal obligation of the Person who was the Owner of such Dwelling Unit at the time the Assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance.

The Association, acting on behalf of its Members, shall have the power to bid for the Dwelling Unit or the other portions of the property so affected at a foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period in which the Dwelling Unit or the other

property so affected is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no Assessment shall be levied on it; and (c) each other Dwelling Unit shall be charged, in addition to its usual Assessment, its equal pro rata share of the Assessment that would have been charged such Dwelling Unit had it not been acquired by the Association. Suit to recover a money judgment for unpaid Common Expenses and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same.

10.9 Reserve Budget. The Board of Directors shall include in the budget each year a capital replacement reserve, which reserve shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Declarant shall be exempt from the payment of reserve Assessments.

10.10 Capital Contribution. The Association will establish a Working Capital Fund ("Working Capital Fund"). Each Owner will, upon closing on a Dwelling Unit, be required to pay a capital contribution to the Association in an amount to be determined by the Board of Directors from time to time, but in no event less than an amount equal to three (3) months of the Common Assessments for that year. This contribution shall be payable at the time the sale of the Dwelling Unit is closed. The contribution required by this paragraph shall constitute an assessment against the Dwelling Unit and shall be subject to the same lien rights as any other Assessment under this Declaration. Notwithstanding any provision herein to the contrary, with respect to Builders, the Declarant shall have the right, but not the obligation, to waive all or any portion of the aforementioned capital contribution that would otherwise be due and payable by such Builder to the Association upon the acquisition by a Builder of any Lot or tract of land within the Property that will be platted into Dwelling Units or developed as a condominium project.

10.11 Exempt Property. Notwithstanding anything to the contrary herein, all Common Areas, Exclusive or Limited Common Areas, all property owned by Declarant (other than Lots or Dwelling Units, which may be otherwise exempt under this Article IX) and all property dedicated by Declarant to utility companies or governmental authorities shall be exempt from payment of Common Assessments, Neighborhood Assessments, and Special Assessments.

ARTICLE X MAINTENANCE

10.1 Association's Responsibility. The Association shall maintain and keep in good repair the Areas of Common Responsibility, such maintenance to be funded as herein provided. This maintenance shall include, but need not be limited to, maintenance, repair, and replacement of roadways, waterways, preserves, landscaping, flora, fauna, structures and improvements which form the Common Areas, the Surface Water Management Systems, the Conservation Areas, the Wetlands and such portions of any additional property included within the Area of Common Responsibility as may be dedicated by this Declaration, a resolution of the Board, or by an agreement for maintenance by the Association. Notwithstanding anything to the contrary contained herein, to the extent that the Community's entrance feature, including landscaping improvements, signage or other improvements is located in whole or in part on any Lot on the Property, this area shall be deemed to be part of the Area of Common Responsibility for all purposes hereunder and the Association and its agents and designees shall have an easement over and across the Lot for ingress and egress to perform maintenance on this portion of the Area of Common Responsibility.

All costs associated with maintenance, operation, repair and replacement of Areas of Common Responsibility shall be a Common Expense to be allocated among Dwelling Units as part of the Common Assessment. All costs associated with maintenance, repair and replacement of Exclusive

Common Areas of a particular group of Dwelling Units shall be an expense of and shall be assessed against the Dwelling Units which are benefited by Exclusive Common Areas.

The Association shall also be responsible for exterior grounds maintenance within any Neighborhood and maintenance, repair and replacement of other property within any Neighborhood to the extent designated in any Supplemental Declaration affecting the Neighborhood. As provided in this Declaration, or any other written agreement, the Association may also assume maintenance responsibilities with respect to any Neighborhood in addition to those designated by Supplemental Declaration.

The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard. The costs of such maintenance shall be allocated among the benefited Dwelling Units as a Common Assessment, Neighborhood Assessment, or Special Assessment against a particular Dwelling Unit, as the Board of Directors determines appropriate.

10.2 Owner's Responsibility. Each Owner shall maintain his or her Lot, Dwelling Unit and all parking areas and other improvements in connection therewith in accordance with the "Use Restrictions" hereof and the Community-Wide Standards.

10.3 Landscape Maintenance. In accordance with the "Community-Wide Standards" Section hereof, the Board of Directors may adopt Community-Wide Standards regarding landscape maintenance and irrigation, including but not limited to frequency and quantity of maintenance and frequency, quantity and time of day of irrigation. All such Community-Wide Standards shall be adopted in accordance with good agronomical practices. The Association may, but shall not be required to, provide landscape maintenance services to Dwelling Units on a voluntary contract basis. If an Owner fails to maintain the Owner's Lot or Dwelling Unit in accordance with the Community-Wide Standards, the Association, at its option, may maintain such Lot and/or Dwelling Unit. The cost of landscape services shall be allocated among the Lots and/or Dwelling Units being maintained as a Special Assessment.

10.4 Assessments. All maintenance required by the Sections entitled "Owners Responsibility and Landscape Maintenance" hereof shall be performed in a manner consistent with the Community-Wide Standards. If any Neighborhood or Owner fails to perform its or his or her maintenance responsibility in accordance with the Community-Wide Standards, the Association may perform it and assess all costs incurred by the Association plus an administrative surcharge equal to ten percent (10%) of the amount assessed against the Lot and/or Dwelling Unit and the Owner thereof as a Special Assessment. Prior to entry, the Association shall afford the Owner ten (10) days' written notice to remedy a condition inconsistent with the Community-Wide Standards, except when entry is required due to an emergency.

10.5 Assignment of Responsibilities as to Environmental Areas. Within and adjacent to the Community there are various types of property which may include wetlands, drainage areas, conversation areas, open spaces and buffers upon which restrictions, monitoring requirements, or other obligations may be imposed by local, state, federal or other governmental agencies. The Declarant may from time to time and at any time deed, convey, transfer, or assign any or all of the foregoing areas or responsibilities to the Association, which shall accept, own, maintain, and preserve the foregoing areas in accordance with the requirements of such agencies and/or entities. All such areas that are conveyed to the Association shall become a portion of the Common Areas, and the ownership, operation, and maintenance thereof shall be a Common Expense. Alternatively, the Declarant may deed, convey, transfer, or assign any or all of the foregoing areas or responsibilities to the Paseo CDD or another community association, tax-exempt foundation, or similar type entity with which the Association shall cooperate, perform the responsibilities

and obligations as set forth therein, and share in the costs pursuant to a covenant to share costs or contributions from any transfer fees collected by the Association, if applicable.

Any of the properties and responsibilities within, adjacent to, or benefiting the Community such as Wetlands, drainage areas, Conservation Areas, open spaces, signage, landscaping, the Slough, the Slough Arm, and buffers may be included within the jurisdiction of the Paseo CDD.

10.6 Sanctions. Sanctions under the Documents may include reasonable monetary fines (as determined by the Board of Directors) and exclusion from the Property of any Builder, contractor, subcontractor, agent or other invitee who fails to comply with the provisions of the Documents. The Board of Directors shall, in addition, have the power to seek relief in any court for violations of the Documents or to abate nuisances.

ARTICLE XI INSURANCE AND CASUALTY LOSSES

15.1 Insurance. The Board of Directors, or its duly authorized agent, shall obtain blanket all-risk casualty insurance, if reasonably available, for all insurable improvements on the Common Areas. If blanket all-risk coverage is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage shall be obtained. This insurance shall be in an amount sufficient to cover one hundred percent of the replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

In addition to casualty insurance on the Common Areas, the Association may, in its discretion or upon request of a Neighborhood, obtain and continue in effect adequate blanket all-risk casualty insurance, if reasonably available, on all insurable improvements on the Exclusive Common Areas within the Neighborhood. If all-risk insurance is not reasonably available, then fire and extended coverage may be substituted. Such coverage may be in such form as the Board of Directors deems appropriate for one hundred percent (100%) of the replacement cost of all structures to be insured. The costs thereof shall be charged to the Owners of Dwelling Units within the benefited Neighborhood as a Neighborhood Assessment.

Insurance obtained on the improvements within any Neighborhood, whether obtained by the Neighborhood or the Association, shall at a minimum comply with the applicable provisions of this Article, including the provisions of this Article applicable to policy provisions, loss adjustment, and all other subjects to which this Article applies with regard to insurance on the Common Areas. All such insurance shall be for the full replacement cost. All such policies shall provide for a certificate of insurance to be furnished to the Association and to the Neighborhood.

The Board of Directors shall also obtain a public liability policy covering the Common Areas, the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have the liability limits established by the Board of Directors from time to time.

Premiums for all insurance on the Common Areas shall be Common Expenses of the Association and shall be included in the Common Assessment. The policies may contain a reasonable deductible, and, in the case of casualty insurance, the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement costs. The deductible shall be paid by the party who would be liable for the loss or repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total.

All insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for the respective benefited parties, as further identified in subsection (b) below. Such insurance shall be governed by the provisions hereinafter set forth:

- (a) All policies shall be written with a company authorized to do business in the State of Florida.
- (b) All policies on the Common Areas shall be for the benefit of the Association, its Members and Institutional Mortgagee, if any, as their interests may appear; all policies secured at the request of a Neighborhood shall be for the benefit of the Neighborhood, if any, the Owners of Dwelling Units within the Neighborhood, and their Institutional Mortgagees, as their interests may appear.
- (c) Exclusive authority to adjust losses under policies obtained by the Association on the Property shall be vested in the Board of Directors; provided, however, no Institutional Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.
- (d) In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by individual Members, occupants, or their Institutional Mortgagees.
- (e) All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified Persons.
- (f) The Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:
 - i. a waiver of subrogation by the insurer as to any claims against the Board of Directors, the Association's manager, Members, and their respective tenants, servants, agents, and guests;
 - ii. a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;
 - iii. a statement that no policy may be canceled, invalidated, suspended, or subject to nonrenewal on account of any one or more individual Members;
 - iv. a statement that no policy may be canceled, invalidated, suspended, or subject to nonrenewal on account of the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand, in writing, delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Member, or Institutional Mortgagee;
 - v. that any "other insurance" clause in any policy exclude individual Members' policies from consideration; and
 - vi. that the Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification, or nonrenewal.

In addition to the other insurance required by this Section, the Board of Directors shall obtain, as a Common Expense, worker's compensation insurance, if and to the extent required by law, directors' and officers' liability coverage, if reasonably available, a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds, if reasonably available. The amount of fidelity coverage shall be determined in the director's best business judgment but, if reasonably available, may not be less than three months' Assessments on all Dwelling Units, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification, or nonrenewal.

15.2 Damage and Destruction.

- (a) Filing Claims. Immediately after damage or destruction by fire or other casualty to all or any part of the Property covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition in which they existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.
- (b) Repair and Reconstruction. Any damage or destruction to the Common Areas or to Exclusive Common Areas shall be repaired or reconstructed unless the Class "B" Member and at least seventy-five percent (75%) of the total votes eligible to be cast by the Class "A" Members of the Association if Common Areas is damaged (or at least seventy-five percent (75%) of the total votes eligible to be cast by the Class "A" Members of the Neighborhood whose Exclusive Common Areas is damaged) shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such funds or information shall be made available; provided, however, such extension shall not exceed sixty (60) additional days. No Institutional Mortgagee shall have the right to participate in the determination of whether the damage or destruction to Common Areas, Exclusive Common Areas or Dwelling Units shall be repaired or reconstructed. In the event that it should be determined in the manner described above that the damage or destruction to the Common Areas or Exclusive Common Areas shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the affected portion of the Property shall be restored to their natural state and maintained by the Association in a neat and attractive condition consistent with the Community-Wide Standard.

15.3 Disbursement of Proceeds. If the damage or destruction for which the proceeds of insurance policies are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repair or reconstruction to the Common Areas or the Exclusive Common Areas shall be retained by and for the benefit of the Association and placed in a capital improvements account. In the event no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with the affected Members and their Institutional Mortgagees as their interests may appear, shall be retained by

and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any Institutional Mortgagee of a Dwelling Unit and may be enforced by such Institutional Mortgagee.

15.4 Repair and Reconstruction. If the damage or destruction to the Common Areas or to Exclusive Common Areas for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a Special Assessment against all Members on the same basis as provided for Common Assessments, provided, if the damage or destruction involves the Exclusive Common Areas, only the Members of Dwelling Units in the affected Neighborhood shall be subject to Assessment therefor. Additional Assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE XII NO PARTITION

Except as is permitted in this Declaration or any amendments hereto, there shall be no judicial partition of the Common Areas or any part thereof, nor shall any Person acquiring any interest in the Property or any part thereof seek any judicial partition unless the Property has been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property, nor from acquiring title to real property which may or may not be subject to this Declaration.

ARTICLE XIII CONDEMNATION

Whenever all or any part of the Common Areas shall be taken, or conveyed under threat of condemnation by the Board of Directors by any authority having the power of condemnation or eminent domain, each Member shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as trustee for all Members to be disbursed as follows:

- (a) If the taking involves a portion of the Common Areas on which improvements have been constructed, then, unless within sixty (60) days after such taking Declarant (as long as Declarant owns any portion of the Property) and members representing at least sixty-seven percent (67%) of the total vote of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Areas to the extent lands are available therefor, in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be repaired or restored, the above provisions of the "Landscape Maintenance" and "Assessments" Sections of the "Maintenance" Article regarding the disbursement of funds, and any required Assessments, in respect to casualty damage or destruction which is to be repaired shall apply.
- (b) If the taking does not involve any improvements on the Common Areas, or if there is a decision made not to repair or restore, then such award or net funds shall be disbursed to the Association and used for such capital improvements as the Board of Directors of the Association shall determine.

ARTICLE XIV EASEMENTS AND OTHER RIGHTS

15.1 Access to the Property. It is the intent of Declarant that Declarant, the Association, any Neighborhood, and the Owners shall be provided ingress and egress to the Property or portions thereof, in connection with exercising the rights and in carrying out the obligations set forth in the Documents, and any Supplemental Declaration. Declarant may, by separate instruments to be recorded in Lee County, grant exclusive and non-exclusive easements on, upon, over, across, through and under the Property for, among other things, the following purposes: (a) use of Common Areas for all proper and normal purposes set forth herein; (b) ingress, egress and access to and from, through and between the Property; (c) inspecting any construction, proposed construction or improvements; (d) repairing or maintaining the Property, and any facilities or improvements thereon; (e) installing and maintaining the Community's utilities and drainage facilities; (f) encroachments for minor inaccuracies in survey, construction or reconstruction or due to settlement or movement; (g) maintenance, installation, construction and repair of utilities and facilities; and (h) a right of access to each Lot in favor of the Association or a Neighborhood for maintaining, repairing, replacing and preserving the Common Areas. Notwithstanding the absence of a separate recorded document, the rights set forth in this Section shall still exist for the purposes intended in the Documents or as provided in any Supplemental Declaration.

15.2 Easement for Community Development District. The Declarant hereby grants, and every Dwelling Unit, the Common Areas, and all Dwelling Units and Neighborhoods are hereby burdened with, perpetual, non-exclusive easements to the extent reasonably necessary for ingress, egress, and access to properties and facilities of the Paseo CDD which may be created, and for the installation, maintenance, repair and replacement thereof. However, these easements shall not include a right to enter any enclosed structure on a Dwelling Unit or to unreasonably interfere with the use of any Dwelling Unit. Any damage resulting from the exercise of such easement shall promptly be repaired by, and at the expense of, the Person exercising the easement.

15.3 Cross Easements for Drainage. The Declarant hereby grants, and every Lot, the Common Areas and all Dwelling Units and Neighborhoods are hereby burdened with, perpetual non-exclusive cross easements for drainage pursuant to the Surface Water Management Systems created by Declarant as maintained, improved, repaired and/or replaced by the Paseo CDD, any other community development district, Declarant and/or the Association in compliance with the applicable governmental regulations.

ARTICLE XV TELECOMMUNICATIONS AND SURVEILLANCE SYSTEMS; LIMITED ACCESS; GUARD GATES

15.1 Telecommunications System. Declarant reserves unto itself and its designees, successors, assigns and licensees the right to enter into one or more contracts for the provision of one or more master telecommunications receiving and distribution systems and electronic surveillance systems (all or any part of which shall be referred to herein as the "System") for all or any part of the Community. The exact description, location and nature of the System has not yet been fixed or determined. Declarant will reserve for itself and its designees, successors, assigns and licensees a perpetual and exclusive right, privilege, easement and right-of-way across, over and upon the Property for the installation, construction and maintenance of the System together with a perpetual and exclusive right, privilege and easement of unlimited ingress and egress, access, over and upon the Property for installing, constructing, inspecting, maintaining, altering, moving, improving and replacing facilities and equipment constituting the System. If and to the extent services provided by the System are to serve all of the Lots and Dwelling Units, then the cost of the System may be a Common Expense of the Association and shall be included in the Common Assessment. If any services provided by the System are provided only to some but not all of

the Lots and/or Dwelling Units, then the cost of any such services may be an expense for the benefit of the Lots and/or Dwelling Units so served and shall be assessed as a Special Assessment against such Lots and/or Dwelling Units.

15.2 Limited Access and Security Systems. The Association may, but shall not be obligated to, maintain or support certain activities within the Community designed to limit access to the Property and make the Property safer than it otherwise might be. Neither the Association, Declarant, nor any successor of Declarant shall in any way be considered insurers or guarantors of security within the Property, and neither the Association, Declarant, nor any successor of Declarant shall be held liable for any loss or damage by reason or failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners and occupants of any Dwelling Unit, and the tenants, guests and invitees of any Owner, as applicable, acknowledge that the Association and its Board of Directors, Declarant, any successor of Declarant and the DRC do not represent or warrant that any fire protection system, burglar alarm system or other security system designated by or installed according to guidelines established by Declarant or the DRC may not be compromised or circumvented, that any fire protection or burglar alarm systems or other security systems will prevent loss by fire, smoke, burglary, theft, hold-up, or otherwise, nor that fire protection or burglar alarm systems or other security systems will in all cases provide the detection or protection for which the system is designed or intended. Each Owner, and occupant of any Dwelling Unit, and each tenant, guest and invitee of any Owner, as applicable, acknowledges and understands that the Association, the Board of Directors, Declarant, or any successor of Declarant are not insurers and that each Owner and occupant of any Dwelling Unit and each tenant, guest and invitee of any Owner assumes all risks for loss or damage to persons, to Dwelling Units and to the contents of Dwelling Units and further acknowledges that the Association, the Board of Directors, Declarant, or any successor of Declarant have made no representations or warranties, nor has any Owner, occupant, tenant, guest or invitee relied upon any representations or warranties, expressed or implied, including any warranty or merchantability or fitness for any particular purpose, relative to any fire and/or burglar alarm systems or other security systems recommended or installed or any security measures undertaken within the Community.

15.3 Guardhouse and Guard Gates. Declarant and/or Association may, but shall not be obligated to, install, maintain and employ security access gates ("Security Gates") and/or security personnel ("Security Guards") to limit access to the overall Community or portions thereof and to provide for the safety and welfare of the Owners and their guests and invitees. In the event Declarant or Association elect to provide such Security Gates and/or Security Guards, the operation, policies and procedures related thereto shall be governed by this Declaration and the operational plan as attached hereto as Exhibit "G" and incorporated herein by reference, as may be amended from time to time ("Security Operational Plan"). Certain roadways and streets located within the Property have been, or will be, dedicated to Lee County for use as public right-of-ways. All Owners, by acceptance of a deed for any Lot or Dwelling Unit, agree and acknowledge that the Security Gates and Security Guards cannot fully limit access to such public right-of-ways and the Security Gates shall remain open and access shall be granted to the Community in accordance with the Security Operational Plan.

ARTICLE XVI DECLARANT'S RIGHTS

16.1 Purpose. The purpose of this Article is to set forth certain Declarant rights, and to refer to, for ease of reference, certain other Declarant rights set forth in this Declaration. The purpose of this Article shall in no way be a limitation of any rights of Declarant otherwise set forth in this Declaration or under applicable law.

16.2 Duration of Rights. The rights of Declarant set forth in this Declaration that refer to this Article shall extend for a period of time ending when Declarant no longer owns any portion of the Property or such earlier date as determined by Declarant, in its sole discretion.

16.3 Declarant's Rights in the Association. Prior to and after the Turnover Date and until Declarant no longer owns any portion of the Property, whether Declarant exercises the right to appoint a majority of the Board of Directors or not, the Board shall have no authority to, and shall not, without the written consent of Declarant, which may be withheld for any or no reason whatsoever, undertake any action which shall:

- (a) prohibit or restrict in any manner the sales and marketing program of Declarant, or the leasing activities of Declarant;
- (b) decrease the level of maintenance services of the Association performed by the Board of Directors;
- (c) change the membership of the DRC or diminish its powers as stated herein;
- (d) alter or amend this Declaration, the Articles or the By-Laws;
- (e) terminate or waive any rights of the Association under this Declaration;
- (f) convey, lease, mortgage, alienate or pledge any easements, Common Areas or Exclusive Common Areas;
- (g) accept the conveyance, lease, mortgage, alienation or pledge of any real or personal property to the Association;
- (h) terminate or cancel any easements granted hereunder or by the Association;
- (i) terminate or impair in any fashion any easements, powers or rights of Declarant hereunder;
- (j) restrict Declarant's rights of use, access and enjoyment of any of the Property; or
- (k) cause the Association to default on any of its obligation under any contract or this Declaration.

In any such matter, Declarant's consent shall be exercised by its representative on the Board or such other Person designated to so act by Declarant.

16.4 Right of Declarant to Disapprove Actions. From the Turnover Date and until the Declarant no longer owns any portion of the Property, Declarant shall have a right to disapprove actions of the Board and any committees, as is more fully provided in this Section. This right shall be exercisable only by Declarant, its successors, and assigns who specifically take this power in a recorded instrument, or who becomes a successor Declarant pursuant to a recorded assignment or court order. No action authorized by the Board of Directors or any committee shall become effective, nor shall any action, policy or program be implemented until ten (10) days following Declarant's receipt of notice of the action taken at the meeting held pursuant to the terms and provisions hereof. At any time prior to the expiration of such ten (10) day period, Declarant may exercise its right to disapprove actions of the Board and any

committees and the Association shall not take any action or implement any policy, program or rule or regulation previously approved by the Association.

This right to disapprove shall not extend to the requiring of any action or counteraction on behalf of any committee, or the Board or the Association. Declarant shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

16.5 Recognition by Owners of Declarant's Rights to Develop and Construct Improvements on the Property. Each Owner on his, her or its own behalf and on behalf of such Owner's heirs, personal representatives, successors, mortgagees, lienors and assigns acknowledges and agrees that the completion of the development of the Community may occur over an extended period of time and that incident to such development and the construction associated therewith the quiet use and enjoyment of the Property and each portion thereof may be temporarily interfered with by the development and construction work occurring on those portions of the Property and any Additional Property owned by Declarant or its successors and assigns. Each Owner, on behalf of such Owner's heirs, assigns, personal representatives, successors, mortgagees, and lienors does hereby waive all claims for interference with such quiet enjoyment and use as a result of the development and construction of any portion of the Property or any Additional Property. Each Owner on behalf of such Owner's heirs, personal representatives, successors, mortgagees, lienors and assigns agrees that the development, construction and completion of the Property and any Additional Property may interfere with such Owner's original and existing views, light and air and diminish the same and each such Owner or such Owner's behalf and on behalf of such Owner's heirs, assigns, personal representatives, successors, mortgagees, and lienors does hereby release Declarant and its successors in interest and others involved from all claims that they may have in connection therewith.

16.6 Declarant's Rights in Connection with Development. Declarant and its successors or assigns will undertake the work of constructing buildings, dwellings and improvements related thereto. The completion of that work and the sale, resale, rental and other disposal of Dwelling Units is essential to the establishment and welfare of the Community. In order that said work may be completed and the Community established as a fully occupied Community as rapidly as possible, no Owner or the Association shall do anything to interfere with Declarant's or any Builder's activities. Without limiting the generality of the foregoing, nothing in this Declaration or the Articles or the By-Laws or any amendment thereto shall be understood or construed to prevent Declarant, its successors or assigns, or its or their contractors or subcontractors and their representatives from:

- (a) doing on any property owned by them whatever they determine to be necessary or advisable in connection with the completion of said work, including without limitation, the alteration of its construction plans and designs as Declarant or any Builder deems advisable in the course of development (all models or sketches showing plans for future development may be modified by Declarant at any time and from time to time, without notice); or
- (b) erecting, constructing and maintaining on any property owned or controlled by Declarant, or its successors or assigns or its or their contractors or subcontractors, such structures as may be reasonably necessary for the conduct of its or their business of completing said work and establishing Paseo as a community and disposing of the same by sale, lease or otherwise; or
- (c) conducting on any property owned or controlled by Declarant or its successors or assigns, its or their business of developing, subdividing, grading and constructing improvements

on such property and of disposing of Dwelling Units therein by sale, resale, lease or otherwise.

Declarant expressly reserves the right to grant easements and rights-of-way over, under and through the Common Areas so long as Declarant owns any portion of the Property primarily for development and/or resale; provided, no such easement shall materially interfere with the use of Common Areas by the Members.

16.7 Future Easements and Modifications. Declarant reserves the right to grant, modify or enter into easements, dedications, agreements, licenses, restrictions, reservations, covenants and rights of way, to modify the boundary lines and to plat or replat portions of the Property and any Additional Property, for development of the Community. The Association and each Owner and mortgagee of a portion of the Property agree to execute and deliver any and all agreements, documents, plats and instruments which are necessary or desirable to accomplish the same.

16.8 Construction; Marketing. In recognition of the fact that Declarant will have a continuing and substantial interest in the development and administration of the Property and any Additional Property, Declarant hereby reserves for itself, its successors, designees and assigns, the right to grant easements over, under and through and use the Common Areas and use all other portions of the Property owned by Declarant or the Association in conjunction with and as part of its program of selling, leasing, constructing, marketing, and developing any property owned or controlled by Declarant or its successors, designees or assignees including, but not limited to, the right to carry on construction and to enter and transact business, maintain models and sales, resales and rental offices, place signs, employ sales rental personnel, show Lots and Dwelling Units owned by Declarant, and use portions of the Property, Lots, Dwelling Units and other improvements owned by Declarant or the Association for purposes set forth above and for storage of construction materials and for construction and assembling construction components without any cost to Declarant and its successors, nominees and assigns for such rights and privileges.

In addition Declarant, its successors, designees and assigns, shall have the right to construct, maintain and use sales, resales, rental, and construction offices within the Community. Any models, sales areas, sales, resales or rental center, parking areas, construction office, signs and any other designated areas or other property pertaining to the sale, construction and marketing efforts of Declarant shall not be part of the Common Areas or Exclusive Common Areas and shall remain the property of Declarant or its nominees, as the case may be.

Declarant shall have the right to construct, maintain and repair structures and landscaping and other improvements to be located on any portion of the Property owned by Declarant or the Association, as Declarant deems necessary or appropriate for the development of any portion of the Property or any Additional Property. Declarant's use of any portion of the Property or any Additional Property as provided in this Section shall not be a violation of the Documents. Notwithstanding anything to the contrary herein, the right of Declarant to maintain a resale office on any portion of the Property or any Additional Property owned by Declarant or the Association and to use the Common Areas in connection therewith shall be for a term coterminous with the term of the Declaration and shall not terminate at the expiration of the time described in the "Duration of Rights" Section 2 above.

16.9 Scope. The rights and privileges of Declarant, its successors, designees and assigns, as herein set forth or referred to above are in addition to and in no way limit any other rights or privileges of Declarant, its successors, designees and assigns, under any of the Documents. The provisions above, like other provisions of this Declaration, grant or reserve rights to and for Declarant that may not be suspended, superseded or modified in any manner unless same is consented to by Declarant, and such

rights may be assigned in writing by Declarant in whole or in part as Declarant deems appropriate. As used in this Declaration, the words "its successors or assigns" specifically do not include purchasers of Dwelling Units unless specifically designated as such in a Supplemental Declaration.

ARTICLE XVII MORTGAGEE PROVISIONS

The following provisions are for the benefit of Institutional Mortgagees. The provisions of this Article apply to both this Declaration and to the Articles, notwithstanding any other provisions contained therein.

18.1 Notices of Action. An Institutional Mortgagee who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the number of the Lot or Dwelling Unit as the case may be, therefore becoming an "eligible holder"), will be entitled to timely written notice of:

- (a) any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot or Dwelling Unit on which a first mortgage is held, insured, or guaranteed by such eligible holder;
- (b) any delinquency in the payment of assessments or charges owed by any Owner of a Dwelling Unit subject to the mortgage of such eligible holder; or
- (c) any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

18.2 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Dwelling Unit.

ARTICLE XVIII CABLE TELEVISION

18.1 CATV Agreement. The Association may, but shall not be required to, enter into a bulk rate cable television agreement ("CATV Agreement") for the Community. If a CATV Agreement is entered into, all Dwelling Units for which a certificate of occupancy has been issued shall be charged for basic cable service as part of the Common Assessment, regardless of whether the Owner desires cable television service. In addition, tier, remotes, pay channels and other services may be offered by the cable provider on an individual subscriber basis.

18.2 Easements. Declarant and the Association shall have the right to grant easements to the cable provider for installation, maintenance and repair of the cable television system, including without limitation head-ends, wiring, switches and amplifiers. The cable provider shall also have the right to use easement area dedicated for utilities. Notwithstanding anything to the contrary, the cable provider shall retain ownership of all cable television equipment installed within the Community.

18.3 Prewire. The cable provider may be permitted to supply cable wire for each Dwelling Unit constructed within the Community for cable television service at its sole cost and expense. Each Owner acknowledges that the prewire installed within the Dwelling Unit shall be and remain personal property of the unit purchaser. The cable provider shall have no ownership interest in the prewire and the

right of use thereof shall remain solely with the Owner. Upon termination of the CATV Agreement, the cable provider will not remove any portion of the prewire within the Dwelling Unit.

ARTICLE XIX

CONSERVATION AREAS, SURFACE WATER MANAGEMENT SYSTEMS, WETLANDS AND SIX MILE CYPRESS SLOUGH AND SLOUGH ARM

19.1 Dedication. The Conservation Areas and Slough Arm are hereby dedicated as part of the Common Areas. The Conservation Areas and Slough Arm shall be the perpetual responsibility of the Association and may in no way be altered from their natural or permitted state, except in accordance with the District Permit. All Owners are hereby notified that their Lots and Dwelling Units may be adjacent to wetland preservation or mitigation areas and upland buffers which are protected under Conservation Easements.

19.2 Maintenance and Monitoring. The Association is responsible for the maintenance and monitoring of all Conservation Areas and the Slough Arm in accordance with the District Permit, as may be amended. Such maintenance and monitoring obligations shall include the continued eradication of exotic plants located within any such Conservation Areas or the Slough Arm. The Association shall maintain all signage required to protect the Conservation Areas, the Wetlands, the Slough and the Slough Arm.

19.3 Big Cypress Fox Squirrel Habitat Management Plan. The Association shall be responsible for the implementation, management and enforcement of the Big Cypress Fox Squirrel Habitat Management Plan described on Exhibit "H" of the District Permit.

19.4 Use Restrictions. The Association shall enforce the use restrictions for the Conservation Areas, Slough and Slough Arm, and the Association shall take action against Owners, as necessary, to enforce the provisions of the Conservation Areas, the Slough, the Slough Arm and the District Permit. Activities prohibited within the Conservation Areas, the Slough and the Slough Arm, shall include, but not be limited to:

- (a) Construction or placing of buildings on or above the ground;
- (b) Dumping or placing soil or other substances, such as trash;
- (c) Removal or destruction of trees, shrubs or other vegetation, with the exception of exotic or nuisance vegetation removal in accordance with the District Permit;
- (d) Excavation, dredging or removal of soil material;
- (e) Diking, fencing, or any other activities detrimental to drainage, flood control, water conservation, erosion control, or fish and wildlife habitat conservation or preservation.

19.5 Wetland Mitigation. Wetland mitigation monitoring is required on the Properties. It shall be the Association's responsibility to successfully complete such wetland mitigation, including meeting all conditions associated with mitigation, maintenance and monitoring. A copy of the wetland mitigation, maintenance and monitoring plan, which includes upland Conservation Areas, is attached hereto as Exhibit "I".

19.6 **Educational Materials.** The Association shall be responsible for providing brochures and other educational materials to all Owners of Lots, Dwelling Dwelling Units or any other portion of the Property, which materials shall (i) describe the sensitive nature of the Conservation Areas, Wetlands, the Slough and the Slough Arm, (ii) explain ways residents may minimize potential human-bear interactions, and (iii) describe any applicable year-round or seasonal water restrictions. Such education materials shall also include the applicable portions of the Design Guidelines and Landscape Criteria, or other brochures, pamphlets and documentation, identifying native plants and explaining xeriscape techniques for landscaping, as well as explaining the invasive nature of noxious exotic species in south Florida landscape and control and removal methods.

19.7 **Enforcement.** The District has the right to take enforcement action, including civil action for an injunction and penalties, against the Association to compel it to correct any outstanding problems with the Surface Water Management Systems facilities or in mitigation, Wetlands, or Conservation Areas under the responsibility and control of the Association, including the Slough and Slough Arm. To the extent the Declarant or the Association conveys any such Conservation Areas, mitigation areas, and/or the Slough Arm to the Paseo CDD, and the Paseo CDD assumes responsibility for the maintenance and protection of the same, the District's rights of enforcement described herein shall apply as against the Paseo CDD. In such event, all monitoring, maintenance, protection and preservation requirements described herein or otherwise set forth in the District Permit, the wetland mitigation maintenance and monitoring plan, and/or applicable laws and regulations, shall be the responsibility of the Paseo CDD, including without limitation, all requirements and restrictions relating to the Slough.

ARTICLE XX GENERAL PROVISIONS

20.1 **Term.** The covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and shall be enforceable by Declarant, the Association or the Owner of any portion of the Property subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date of the recording of this document; after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument in writing, signed by a majority of the then owners of the Dwelling Units, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants, in whole or in part or to terminate the same, in which case this Declaration shall be modified or terminated as specified therein.

20.2 **Amendment.** Until the Turnover Date, Declarant may amend this Declaration in its sole and absolute discretion. After the Turnover Date, Declarant may amend this Declaration in its sole and absolute discretion at any time if such amendment is: (i) necessary to bring any provisions hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on a Dwelling Unit; (iii) required by an institutional lender or a government mortgage agency or purchaser of mortgage loans, to enable the same to make, insure or purchase mortgage loans on a Dwelling Unit; (iv) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on a Dwelling Unit subject to this Declaration; or (v) to correct any stenographic, scrivener's or surveyor's error or any error of a like nature; provided, however, any such amendment shall not adversely affect the title to a Dwelling Unit unless the Owner thereof shall consent thereto in writing.

After the Turnover Date and so long as it still owns any part of the Property for development, Declarant may amend this Declaration in its sole and absolute discretion for any other purpose, provided the amendment has no material adverse effect upon the rights of any Owner of a Dwelling Unit.

After the Turnover Date, (i) any non-Declarant initiated amendment, or (ii) any Declarant initiated amendment which has a material adverse effect upon the rights of an Owner of a Dwelling Unit, shall require the affirmative vote (in person or by proxy) or written consent, or any combination thereof, of members representing sixty-seven percent (67%) of the total votes in the Association (other than Declarant), and the consent of Declarant so long as Declarant owns any portion of the Property. However, the percentage of votes necessary to amend a specific clause shall be not less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

Any proposed amendment to this Declaration which would affect the Surface Water Management Systems (including environmental Conservation Areas or the Slough or Slough Arm) requires the prior written approval of the District and must be submitted to the District, or its successors, for a determination of whether the amendment necessitates a modification of the District Permit. If a modification is necessary, the District will so advise the permittee. The amendment affecting the Surface Water Management Systems may not be finalized until any necessary permit modification is approved by the District in accordance with applicable law and regulations.

20.3 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

20.4 Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five percent (75%) of the votes eligible to be cast in the Association. This Section shall not apply, however, to: (i) actions brought by the Association to enforce the provisions of this Declaration; (ii) the imposition and collection of Assessments as provided in the "Assessments" Article hereof; (iii) proceedings involving challenges to ad valorem taxation; or (iv) counterclaims brought by the Association in proceedings instituted against it. In the event any claim is made against Declarant by the Association or any litigation is instituted against Declarant or any of its affiliates by the Association, then the Association shall assess all Members (other than the Declarant) for the costs of claim or litigation, including without limitation attorneys' fees incurred, and funds from Common Assessments shall not be used for any such claim or litigation. In any judicial or administrative proceeding, the prevailing party shall be entitled to receive reasonable attorneys' fees costs.

20.5 Notice of Transfer of Dwelling Unit. In the event that any Owner desires to sell or otherwise transfer title of his or her Dwelling Unit, such Owner shall give the Board of Directors at least fourteen (14) days' prior written notice of the name and address of the purchaser or transferee, the date on which such transfer of title is to take place, and such other information as the Board of Directors may reasonably require. The transferor shall remain jointly and severally liable with the transferee for all obligations of the Owner or the Dwelling Unit, including payment of all Assessments, accruing prior to the date of transfer. Until written notice is received as provided in this Section, the transferor and transferee shall be jointly and severally liable for Assessments accruing subsequent to the date of transfer. In the event that upon the conveyance of a Dwelling Unit, an Owner fails in the deed of conveyance to reference the imposition of this Declaration on the Dwelling Unit, the transferring Owner shall remain liable for Assessments accruing on the Dwelling Unit after the date of conveyance.

20.6 Use of Words "Paseo". No Person shall use the words "Paseo" or any derivative thereof in any printed or promotional material without the prior written consent of Declarant. However, Owners may use the term "Paseo" in printed or promotional materials where such term is used solely to specify that a particular property is located within the Community.

20.7 Assignment of Rights. Declarant shall have the right, in its sole and absolute discretion, to assign all or part of its rights under this Declaration.

20.8 Notice of Mortgagee Action. In the event any Owner desires to mortgage his or her Dwelling Unit, such Owner shall require that the mortgage specifically provide that in the event of foreclosure or the exercise of any remedy set forth in the mortgage, the mortgagee shall acquire the Dwelling Unit subject to this Declaration.

20.9 Independent Builders. The Property is a master planned community being developed by the Declarant. The individual buildings constructed within the Property may be constructed by Declarant, Builders or others who are independent contractors who purchase Dwelling Units from Declarant. If a building is constructed by a person or entity other than Declarant, Declarant shall have no liability whatsoever for such Builder's activities, whether direct or indirect, including, without limitation, marketing or construction of the building or actions of any principal, officer, trustee, partner, agent or subcontractor.

20.10 Occupants Bound. All provisions of the Documents including the Community-Wide Standards and use restrictions promulgated pursuant thereto, which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants of his or her Dwelling Unit. Every Owner shall cause all occupants of his or her Dwelling Unit to comply with this Declaration, the Articles, the By-Laws, the Rules and Regulations and the Community-Wide Standards adopted pursuant thereto, and shall be responsible for all violations and losses caused by such occupants, notwithstanding the fact that such occupants of a Dwelling Unit are fully liable and may be sanctioned for any violation of the Documents and the Community-Wide Standards adopted pursuant thereto.

20.11 No Easement for View. Each Owner further acknowledges that neither Declarant, nor any Builder, nor any Person acting on behalf of Declarant or any Builder, has made or is authorized to make, any representation or commitment that any view or any vistas shall be preserved, protected or remain unobstructed, and there are no express or implied easements for view purposes appurtenant to any Lot or Dwelling Unit.

20.12 Power of Attorney. Each Owner hereby unconditionally and irrevocably appoints the Association and the Declarant as its true and lawful attorney-in-fact, coupled with an interest, to execute any and all documents and take any and all actions necessary or desirable to fulfill the purposes and intentions of this Declaration.

20.13 Headings. The headings and references to Articles and Sections herein are for convenience of reference only and shall not limit or otherwise affect in anyway the meaning or interpretation of this Declaration.

ARTICLE XXI PLAT DEDICATION – PASEO, PHASE I

21.1 Plat. Declarant has caused the Property to be dedicated as a platted subdivision known as "Paseo, Phase I, which plat has been recorded under Instrument Number 200600162884 in the Public Records of Lee County, Florida (the "Phase I Plat").

21.2 Association. All dedications made by Declaration to the Association as set forth on the Phase I Plat were dedicated to the Association under the misnomer of "Paseo Homeowners' Association, LLC" which company does not exist and was intended to be Paseo Master Homeowners' Association, Inc., and its successors or assigns.

21.3 Future Development. Declarant dedicated Tracts "F1 through "F30" on the Phase I Plat for Future Development. Such dedication ran in favor of "Paseo Homeowners' Association, LLC", a

company which does not exist and was intended by Declarant to be reserved to Stock Development, LLC, its successors and/or assigns.

21.4 Acceptance and Release. By execution of the Joinder hereunder, Paseo Master Homeowners' Association, Inc. does hereby accept the dedications set forth on the Paseo Phase I Plat which were made to Paseo Homeowners' Association, LLC, with the exception of the dedication described under Dedication 1(F) and Association does hereby release, remise and quitclaim to Stock Development, LLC, a Florida limited liability company, its successors and/or assigns, any right, title or interest Association may have, if any, in Tracts F1 through F30, Paseo, Phase 1, as recorded under Instrument Number 200600162884, Public Records of Lee County, Florida.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 17
day of August, 2006.

Angela L. Bowen
Printed Name: Angela L. Bowen

Judith M. Seale
Printed Name: Judith M. Seale

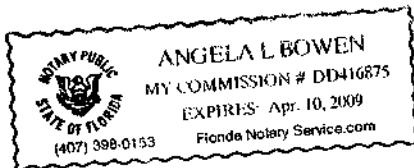
STOCK DEVELOPMENT, LLC
a Florida limited liability company

By: Brian K. Stock
Brian K. Stock, Manager

Date: 8-17-06

STATE OF FLORIDA
COUNTY OF Collier

The foregoing instrument was acknowledged before me this 17 day of August, 2006, by Brian K. Stock, as Manager of **STOCK DEVELOPMENT, LLC**, a Florida limited liability company, on behalf of said limited liability company. He is personally known to me or has produced _____ as identification.



Angela L. Bowen
Notary Public
Print Name: Angela L. Bowen
My Commission Expires: 4-10-09
(Notary Seal)

JOINDER

The undersigned hereby joins in this Declaration this 10th day of AUGUST, 2006.

Signed, Sealed and Delivered
in the Presence of:

**PASEO MASTER HOMEOWNERS'
ASSOCIATION, INC.,**
a Florida not-for-profit corporation

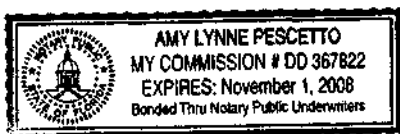
[Signature]
Print Name: AMY L. PESCATO

By: [Signature]
Blaine Spivey, President

[Signature]
Print Name: JAMIE HOGAN

STATE OF FLORIDA
COUNTY OF COLLER

The foregoing instrument was acknowledged before me this 10th day of AUGUST, 2006, by Blaine Spivey, as President of **PASEO MASTER HOMEOWNERS' ASSOCIATION, INC.**, a Florida not-for-profit corporation, on behalf of said corporation. He/~~she~~ is personally known to me ~~or has produced~~ _____ as ~~identification~~.



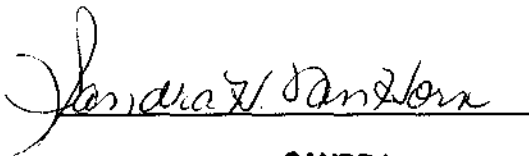
[Signature]
Notary Public
Print Name: AMY L. PESCATO
My Commission Expires: _____
(Notary Seal)

MORTGAGEE JOINDER AND CONSENT

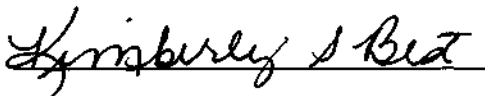
AmSouth Bank, an Alabama banking corporation, mortgagee of the property legally described in Exhibit "A" attached hereto by the terms of that certain Mortgage, Security Agreement, and Assignment of Rents executed by Stock Development, LLC, a Florida limited liability company, dated April 17, 2002, and recorded April 22, 2002, recorded in Official Records Book 3022, Page 2108, Public Records of Collier County, Florida, as re-recorded in Official Records Book 4498, Page 4095, Public Records of Lee County, Florida, as modified by Loan Modification Agreement and Notice of Future Advance Receipt dated February 14, 2003, recorded in Official Records Book 3220, Page 1641, Public Records of Collier County, Florida; as modified by First Loan Modification Agreement, Notice of Future Advance Receipt and Spreader Agreement dated September 22, 2003, recorded in Official Records Book 3405, Page 846, Public Records of Collier County, Florida, as re-recorded in Official Records Book 4498, Page 4124, Public Records of Lee County, Florida; as modified by Second Loan Modification Agreement and Notice of Future Advance recorded in Official Records Book 3652, Page 3056, Public Records of Collier County, Florida, as re-recorded in Official Records Book 4498, Page 4135, Public Records of Lee County, Florida, as modified by Third Loan Modification Agreement and Notice of Future Advance Receipt dated November 4, 2004, and recorded in Official Records Book 3683, Page 2751, Public Records of Collier County, Florida, and as recorded in Official Records Book 4498, Page 4141, Public Records of Lee County, Florida, and as again modified by Fourth Loan Modification Agreement and Notice of Future Advance Receipt dated July 26, 2005, and recorded in Official Records Book 3854, Page 46, as also recorded in Official Records Book 4819, Page 1600, Public Records of Lee County, Florida; and as further modified by Fifth Loan Modification Agreement and Notice of Future Advance Receipt and Mortgage Spreader Agreement dated December 9, 2005, and recorded in Official Records Book 3947, Page 452, Public Records of Collier County, Florida, and also recorded under Instrument No. 2005000172194, Public Records of Lee County, Florida; does hereby consent to and join in the submission of the foregoing property to all of the duties, obligations, responsibilities and encumbrances as provided for under the Master Declaration of Covenants, Conditions and Restrictions, and all exhibits thereto, for Paseo.

Signed this 21st day of August, 2006.

Witnesses:



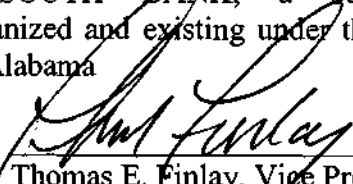
Print Name: SANDRA H. VAN HORN



Print Name: Kimberly S. Best

AMSOUTH BANK, a banking corporation organized and existing under the laws of the State of Alabama

By:

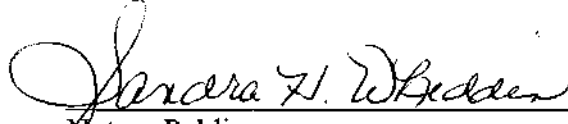

Thomas E. Finlay, Vice President

(Corporate Seal)

STATE OF FLORIDA
COUNTY OF COLLIER

The foregoing instrument was acknowledged before me on this 31st day of August, 2006, by **Thomas E. Finlay**, as Vice President of **AMSOUTH BANK**, a banking corporation organized and existing under the laws of the State of Alabama, on behalf of the corporation. He is personally known to me.

(Notary Seal)


Notary Public
Print Name: **SANDRA H. WHIDDEN**
State of Florida at Large
My Commission Expires:



Sandra H. Whidden
My Commission DD211362
Expires August 09, 2007

EXHIBIT "A"
LEGAL DESCRIPTION OF THE PROPERTY

The Property which is subject to this Declaration shall refer to the real property legally described as follows, as the same may be supplemented from time to time by a Supplemental Declaration filed in accordance with the Declaration:

All of Paseo, Phase I, according to the plat thereof recorded in Instrument # 2006000162884, of the Public Records of Lee County, Florida.

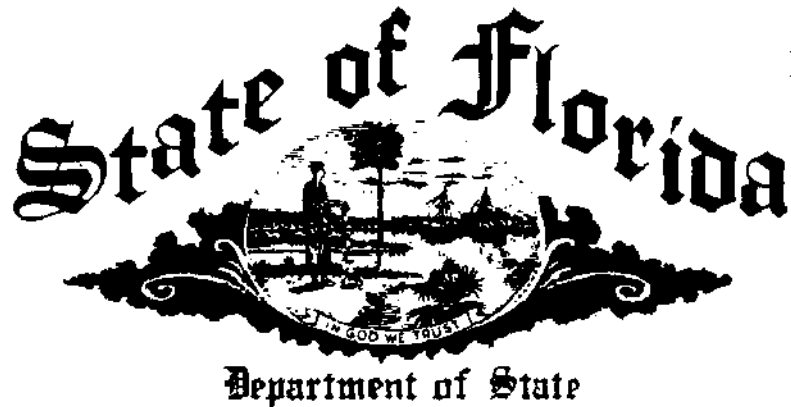


EXHIBIT B

I certify the attached is a true and correct copy of the Articles of Incorporation of PASEO MASTER HOMEOWNERS' ASSOCIATION, INC., a Florida corporation, filed on May 17, 2006, as shown by the records of this office.

I further certify the document was electronically received under FAX audit number H06000136895. This certificate is issued in accordance with section 15.16, Florida Statutes, and authenticated by the code noted below.

The document number of this corporation is N06000005403.

Authentication Code: 106A00035218-051906-N06000005403-1/1

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Nineteenth day of May, 2006



Sue M. Cobb
Sue M. Cobb
Secretary of State

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**ARTICLES OF INCORPORATION
OF
PASEO MASTER HOMEOWNERS' ASSOCIATION, INC.**

The undersigned hereby submits these articles for the purpose of forming a not-for-profit corporation under Chapter 617, Florida Statutes, and certifies as follows:

**ARTICLE I
Corporate Name**

The name of the corporation is Paseo Master Homeowners' Association, Inc., hereinafter called the "Association".

**ARTICLE II
Address**

The initial mailing address of the Association shall be **4501 Tamiami Trail North, Suite 300, Naples, Florida 34103**. The principal office of the Association shall be located at the mailing address or at such other place as may be subsequently designated by the Board of Directors of the Association.

**ARTICLE III
Purpose and Powers of the Association**

This Association does not contemplate pecuniary gain or profit to the members thereof and shall make no distribution of income to its members, directors or officers. The specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residential lots, common areas and improvements (as defined in the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR PASEO, referred to hereinafter as the "Declaration") according to the provisions of the Declaration and to promote the health, safety and welfare of the residents within the above described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose.

The Association shall have the following powers:

(a) To exercise all of the common law and statutory powers of a corporation not for profit organized under the laws of the State of Florida that are not in conflict with the terms of the Declaration, these Articles or the Bylaws of the Association.

(b) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration applicable to the property and recorded or to be recorded in the Public Records of Lee County, Florida and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein by reference as if set forth in its entirety.

(c) To fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all other expenses incident to the conduct of the business of Association, including but not limited to all licenses, taxes or governmental charges levied or imposed against the property of the Association;

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- (d) To maintain, repair and operate the property of the Association;
- (e) To purchase insurance upon the property of the Association and insurance for the protection of the Association and its members as Owners;
- (f) To reconstruct improvements after casualty and make further improvements upon the Association property;
- (g) To enforce by legal means the provisions of the Declaration, and the Articles of Incorporation and Bylaws of the Association, and the rules and regulations adopted pursuant thereto;
- (h) To employ personnel to perform the services required for proper operation of the Association;
- (i) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the association;
- (j) To sue and be sued;
- (k) And all the powers set forth in Florida Statute Chapters 617 and 718.

ARTICLE IV Membership

Section 1. Membership Generally: No person except an Owner or the Declarant (as such terms are defined in the Declaration) is entitled to membership in the Association, and all Owners and the Declarant, regardless of whether such Declarant is also an Owner, shall be either Class A or Class B members of the Association, as provided in this Article.

Section 2. Class A Membership: Until termination of Class B membership, as provided in Section 3 of this Article, every Owner who holds record title to a residential lot that is subject to assessment under the Declaration, except the Declarant, shall be a Class A member of the Association. Each Class A membership shall be appurtenant to the residential Lot and/or Dwelling Unit (as such terms are defined in the Declaration) owned by such Class A member and shall be transferred automatically by a conveyance of record title to such Lot and/or Dwelling Unit. An Owner of more than one Lot or Dwelling Unit is entitled to one Class A membership for each residential Lot and Dwelling Unit to which such Owner holds record title. If more than one person holds an interest in any residential Lot or Dwelling Unit, all such persons shall be members; provided however, that only one (1) vote shall be cast with respect to any one (1) residential Lot or Dwelling Unit. No person other than an Owner may be a Class A member of the Association, and a Class A membership may not be transferred except by a transfer of record title to the residential Lot or Dwelling Unit to which it is appurtenant.

Section 3. Class B Membership: The Declarant shall be a Class B member of the Association. The Class B membership shall terminate and be converted to Class A membership upon the happening of either of the following, whichever occurs first:

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(a) Three (3) months after ninety percent (90%) of the residential Lots and Dwelling Units have been conveyed to third party purchasers other than the Developer or Builders (as defined in the Declaration); or

(b) As otherwise set forth in the Declaration.

Upon termination of Class membership, all provision of the Declarations, Articles, or Bylaws referring to Class B membership shall be without further force or effect, except as otherwise expressly set forth therein.

ARTICLE V Voting Rights

Section 1. Class A Voting: All Class A members shall be entitled to one (1) vote for each Lot and/or Dwelling Unit owned. If more than one (1) person holds record title to a Lot or Dwelling Unit, there shall be only one (1) vote cast with respect to such Lot or Dwelling Unit, exercised as the Owners determine among themselves.

Section 2. Class B Voting: The Class B members shall be entitled to five (5) votes for each Lot and Dwelling Unit owned. In addition, until such time as the Class B membership is converted to Class A membership in accordance with the Declaration, the Class B membership shall have a right of veto on all questions coming before the membership for a vote thereon.

ARTICLE VI Board of Directors

The affairs of this Association shall be managed and governed by a Board of Directors consisting of at least three (3) Directors, who need not be members of the Association. The number of Directors may be changed by amendment of the Bylaws of the Association. The names and addresses of the persons who are to act in the capacity of Directors until the selection of their successor are:

<u>Name</u>	<u>Address</u>
Blaine Spivey	4501 Tamiami Trail North, Suite 300 Naples, FL 34103
Sandy Houldsworth	4501 Tamiami Trail North, Suite 300 Naples, FL 34103
Valerie Schechinger	4501 Tamiami Trail North, Suite 300 Naples, FL 34103

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**ARTICLE VII
Officers**

The affairs of the Association shall be administered by a President, a Vice-President, a Secretary and a Treasurer and such other Officers as may be designated from time to time by the Directors. The Officers shall be elected or designated by the Board of Directors at its first meeting following the annual meeting of the members of the Association. The names and addresses of the Officers who shall serve until their successors are elected or designated by the Board of Directors are as follows:

President	Blaine Spivey
Vice President	Sandy Houldsworth
Secretary/Treasurer	Valerie Schechinger

**ARTICLE VIII
Indemnification**

Every Director and every Officer of the Association, and every member of the Association serving the Association at its request, shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon such person in connection with any proceeding or any settlement of any proceeding to which he may be a party or in which he may become involved by reason of his being or having been a Director or Officer of the Association, or by reason of his having served the Association at its request, whether or not he is a Director or Officer or member serving the Association at the time such expenses or liabilities are incurred, except when the director, Officer or member serving the Association is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement before entry of judgment, the indemnification shall apply only when the Board of Directors approve such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director, Officer or member serving the Association may be entitled.

**ARTICLE IX
Bylaws**

The Bylaws of the Association shall be adopted by the Board of Directors and may be altered, amended or rescinded, at a duly called regular or special meeting of the members, by an affirmative vote of a majority of all the members present in person or by proxy.

**ARTICLE X
Dissolution**

The Association may be dissolved upon written assent signed by members holding not less than one hundred percent (100%) of the total number of votes of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association, including the water management system, shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event

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that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or organization to be devoted to such similar purposes.

ARTICLE XI
Term

The term of the Association shall be perpetual.

ARTICLE XII
Amendments

Amendments to the Articles of Incorporation shall be proposed and adopted in the following manner:

Section 1. Notice: Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

Section 2. Vote: Prior to the Turnover Date (as defined in the Declaration), the Declarant shall have the right to amend these Articles in any manner deemed appropriate by the Declarant, except as expressly limited below. Following the Turnover Date, a resolution for the adoption of an amendment may be proposed by either the Board of Directors or by the members of the Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing, providing such approval is delivered to the Secretary at or prior to the meeting. Except as elsewhere provided, such resolutions must be adopted by not less than seventy-five percent (75%) of the votes of the entire membership of the Association.

Section 3. Limit on Amendments: No amendment shall make any changes in the qualifications for membership, nor in the voting rights of members, without approval in writing by all members.

Section 4. Certification: A copy of each amendment shall be certified by the Secretary of the Association.

ARTICLE XIII
Incorporator

The name and address of the incorporator of these Articles of Incorporation is as follows:

Blaine Spivey
Stock Development
4501 Tamiami Trail North, Suite 300
Naples, Florida 34103

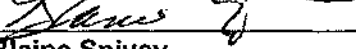
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**ARTICLE XIV
REGISTERED OFFICE AND AGENT**

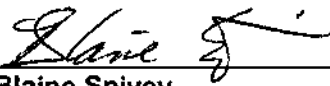
The street address of the initial registered office of this corporation is **4501 Tamiami Trail North, Suite 300, Naples, FL 34103**, and the name of the initial registered agent of this corporation is **Blaine Spivey**.

IN WITNESS WHEREOF the subscriber, being the undersigned person, named as incorporator, has hereunto set his/her hand and seal, this 17th day of MAY, 2006.

By: 
Blaine Spivey
Its: Incorporator

ACCEPTANCE OF DESIGNATION AS REGISTERED AGENT

Having been named as registered agent to accept service of process for the above stated corporation, at the place designated in the certificate, I am familiar with and accept the appointment as registered agent and agree to act in this capacity.


Blaine Spivey
Registered Agent

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EXHIBIT C

BYLAWS
OF
PASEO MASTER HOMEOWNERS' ASSOCIATION, INC.

Paseo Master Homeowners' Association, Inc., a corporation not for profit under the laws of the State of Florida, hereinafter referred to as the "Master Association" or the "Association" sets forth these Bylaws:

ARTICLE I
IDENTITY AND DEFINITION

1.1 This Master Association is organized for the purpose of providing an entity for the preservation and enhancement of property values in Paseo, a planned community located in Lee County, Florida, in accordance with the Declaration of Covenants, Conditions and Restrictions for Paseo, herein called the "Declaration", which is to be recorded in the Public Records of Lee County, Florida, as same may be amended. The terms and provisions of these Bylaws are expressly made subject to the terms, provisions, conditions and authorization contained in the Declaration executed by Stock Development, LLC (hereinafter referred to collectively as "Declarant").

1.2 All terms which are defined in the Declaration have the same meanings herein as defined in the Declaration.

ARTICLE II
LOCATION OF PRINCIPAL OFFICE

The principal office of the Association is located at **4501 Tamiami Trail North, Suite 300, Naples, Florida 34103**, or at such other place as may be established by resolution of the Board of Directors of the Association.

ARTICLE III
MEMBERSHIP VOTING, QUORUM AND PROXIES

3.1 The qualifications of members, the manner of their admission to membership and termination of such membership, and voting by the Members, shall be as set forth in the Declaration and the Articles of Incorporation of the Association ("Articles").

3.2 A quorum at any meeting of the Association's Members shall consist of persons entitled to cast votes representing more than thirty-three percent (33%) of the total votes entitled to be cast as determined in the manner set forth in the Declaration.

3.3 Where a vote is entitled to be exercised by more than one person or by a corporation, partnership or other entity, the vote shall be cast by the person named in a certificate signed by all of the individual owners or the appropriate official(s) or

representative(s) of such entity. Such certificates shall be filed with the Secretary of the Association and shall remain valid until revoked by subsequent certificate.

3.4 Votes may be cast either in person or by proxy. Proxies are valid only for the particular meeting designated thereon and must be filed with the Secretary at or before the time of the meeting. A proxy is not valid for longer than ninety days after the date of the first meeting for which it was given, unless the proxy specifically states otherwise.

3.5 Except where otherwise required under the provisions of the Articles, these Bylaws, the Declaration or where the same may otherwise be required by law, the affirmative vote of the holders of more than one-half (1/2) of the total votes represented at any meeting at which a quorum is present is necessary for approval of any matter that is to be binding upon all Members.

3.6 The Association is entitled to give all notices required to be given to the Members of the Association by these Bylaws or the Articles of Incorporation or the aforesaid Declaration to the person or entity shown by the Association's records entitled to receive such notices at the last known address shown by the records of the Association, until the Association is notified in writing that such notices are to be given to another person or entity or at a different address.

3.7 Change of membership in the Association is established by recording in the Public Records of Lee County, Florida, a deed or other instrument establishing a change in record title to the property interest underlying a right to vote as a Member of the Association. The owner established by such instrument becomes a Member of the Association, and the membership of the prior owner is terminated. The Association may establish reasonable rules requiring appropriate evidence of any such change as may reasonably be required by the Association to be furnished. The Association may rely upon its record of Members.

3.8 Matters coming before the Association for consideration shall fall into two categories. General matters relating to the affairs of the Association which are subject to the approval or disapproval of the Board will be voted on at a meeting of the Board through votes cast by the Directors. Matters requiring Association approval and relating to amendment of the Declaration and approval of additional property being added to the lands subject to the Declaration, if applicable, shall require the direct vote of the Members of the Association, unless otherwise set forth in the Declaration or the Articles.

3.9 Subject to the Declaration, voting at any meeting may be by roll call, voice vote or by written ballot. Whenever written approval is required, or whenever an amendment to or termination of the Declaration is proposed, or any borrowing of funds, pledge, or other disposition of the Association Property or other assets is proposed, the voting must be by written ballot. Routine matters such as approval of Minutes, adjournment, acceptance of reports, and social business shall be determined by "yeas" or "nays". A roll call vote, or a written ballot vote, may be required instead of a voice vote by the Board of Directors, or by the holders of no less than five percent (5%) of the total

membership.

ARTICLE IV
ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP

4.1 The annual meeting of the membership of the Association shall be held at the office of the Association, or at such other place as may be designated by the Board of Directors, at a time designated by the Board of Directors in the notice of the meeting, on the third Tuesday in January of each year for the purpose of electing directors and transacting any other business authorized to be transacted by the Members; provided, however, that if that day is a legal holiday, then the meeting shall be held at the same hour on the next succeeding Tuesday which is not a legal holiday.

4.2 Special meetings of the Members of the Association shall be held whenever called by the President or Vice-President or by a majority of the Board of Directors. Such meeting must be called by such officers upon receipt of a written request from Members of the Association whose votes represent more than one-half (1/2) of the total votes of the Association as determined in the manner set forth in the Declaration.

4.3 Notice of all members' meetings, regular or special, shall be given by the President, Vice-President, or Secretary of the Association, or other officer of the Association designated by the Board of Directors, to each Member, unless waived in writing. Such notice shall be written or printed and shall state the time, place and the object for which the meeting is called. Unless a longer notice period is required by the Declaration or these Bylaws in instances where direct voting is required, such notice shall be given not less than ten (10) nor more than thirty (30) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each Member within said time. If presented personally, a receipt of such notice shall be signed by the Member, indicating the date on which such notice was received. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail, postage prepaid, addressed to the Member at such post office address as appears on the records of the Association. Proof of such mailing shall be given by the affidavit of the person giving the notice and filed in the Association's minute book. Any Member may, by written waiver of notice signed by such Member, waive such notice, and such waiver, when filed in the records of the Association, whether executed and filed before or after the meeting, shall be deemed to be equivalent to the giving of such notice to such Member.

4.4 Special meetings will be held in Lee County, Florida as designated by the Board of Directors in the Notice of Meeting.

4.5 If any membership meeting cannot be organized because a quorum has not attended or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these Bylaws or the Declaration, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

4.6 In meetings of the membership, the President, or, in his or her absence, the Vice-President, shall preside, or in the absence of both, the membership shall select a chairman.

4.7 The order of business at the annual meeting of the Members and, as far as applicable and practical, at any other Members' meeting, shall be as follows:

- (a) Calling of the roll and certifying of proxies;
- (b) Proof of notice of the meeting or waiver of notice;
- (c) Reading of minutes;
- (d) Report of officers;
- (e) Reports of committees;
- (f) Appointment by the President of inspectors of election;
- (g) Election of directors;
- (h) Unfinished business;
- (i) New business;
- (j) Adjournment.

4.8 Whenever the vote or the approval of the Members is required or permitted, the action may be taken without a meeting if those Members holding not fewer than 75% of the total votes entitled to be cast if a meeting were to be held, agree in writing to take the action and waive the formality of a meeting. If a greater percentage of approval is required, not less than such percentage must agree in writing to waive the meeting. The Declaration, Articles, and these Bylaws may not be amended without a meeting. Notice of any action taken without a meeting shall be given in writing to all Members, who did not approve such action within ten days of such action.

ARTICLE V BOARD OF DIRECTORS

5.1 The affairs of the Association shall be managed by a Board of Directors consisting of three directors. A majority of the Board of Directors shall constitute a quorum to transact business at any meeting of the Board, and the action of a majority present at a meeting at which a quorum is present shall constitute the action of the Board of Directors.

5.2 Any vacancy occurring on the Board of Directors because of death, resignation, removal or other termination of services of any Director, shall be filled by the Board of Directors. The Director appointed to fill a vacancy shall be appointed for the unexpired term of his or her predecessor in office and shall continue to serve until his or her successor shall have been elected or appointed and qualified.

5.3 The term of each Director's service shall extend to the next annual meeting at which the Director's term is scheduled to expire, and then until the successor Director is duly elected and qualified, or until the Director is recalled in the manner provided below. Initially, the Declarant and the Board may establish Director terms of more than one year so that the terms are staggered to assure continuity. However, in no event shall a

Director's term, except those selected by the Declarant, exceed three years. Excepting the initial implementation of staggered terms, each Director's term shall be of the same length.

5.4 Any Director, except those selected by the Declarant, may be recalled and removed from office with or without cause by the vote or agreement in writing of a majority of all votes entitled to be cast for Directors. A special meeting of the members to recall a member or members of the Board of Directors may be called by the holders of ten percent (10%) of the votes entitled to be cast for Directors, giving notice of the meeting as required by these Bylaws. The notice shall state the purpose of the meeting. Any vacancy on the Board of Directors thus created shall be filled by the Members of the Association at the same meeting.

(a) If the recall is approved by a majority of all votes entitled to be cast for Directors, the recall is effective immediately, and the recalled member or members of the Board of Directors shall turn over to the Board any and all records of the Association in their possession within 72 hours after the meeting.

(b) If the proposed recall is by an agreement in writing by a majority of all votes entitled to be cast for Directors, the agreement shall be served on the Association by certified mail. The Board of Directors shall call a meeting of the Board within 72 hours after receipt of the agreement and shall either certify the agreement to recall a member or members of the Board, in which case such member or members shall be recalled effective immediately and shall turn over to the Board, within 72 hours, any and all records of the Association in their possession, or in writing challenge such recall setting of the facts and legal basis for not certifying such recall.

(c) During a meeting of Members to recall one or more members of a Board of Directors, the Members shall select and announce the name and address of a representative to receive pleadings, notice, or other papers on behalf of the petitioning members in the event that the vote at the meeting is disputed and a petition for arbitration is filed as provided in Florida Statutes Chapter 682. If a proposed recall is sought by written agreement, pleadings, notices, or other papers on behalf of the members executing the agreement in the event the Board of Directors determines not to certify the agreement to recall and files a petition for binding arbitration.

(d) Unless otherwise provided in the Declaration or Bylaws, the proposed recall of more than one member of the Board of Directors shall require a separate vote for each member sought to be recalled or, where recall is attempted by written agreement, a separate agreement is required for each member of the Board being recalled.

5.5 Any Director may resign at any time by sending or personally delivering a written notice of resignation to the Association, addressed to the Secretary. The resignation shall take effect on receipt by the Secretary, unless it states differently.

ARTICLE VI
ELECTION OF DIRECTORS

6.1 The affairs of the Association shall be managed initially by a board of three Directors as set forth in the Articles of Incorporation of the Association. The number of Directors shall never be less than three. Other than those selected by the Declarant, Directors must be Members or their spouses; officers of a corporate Member; or partners of a partnership Member.

6.2 Directors shall be elected at the annual meeting of Members by a plurality of the votes entitled to be cast for Directors which are present in person or by proxy. Each eligible voter shall be entitled to cast votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting. Not less than sixty (60) days before the annual meeting of the Members, a nominating committee of five Members shall be appointed by the Board of Directors and the committee shall nominate one person for each directorship to be filled. Nominations for additional directors created at the meeting shall be made from the floor. Other nominations also may be made from the floor.

6.3 The members of the Board of Directors elected or appointed in accordance with the procedures set forth in this Article shall take office as of the date of the first meeting of the Board of Directors following the meeting of Members at which they were elected.

6.4 Anything herein to the contrary notwithstanding, the Declarant shall have the right to appoint all the members of the Board of Directors until the turnover of the Association as set forth in the Declaration, and the Declarant shall not be bound by the Board of Directors election requirements set forth herein, including without limitation, the nomination provisions described in Section 6.2 above.

6.5 The Directors elected or appointed by Declarant need not be Members of the Association.

6.6 Upon the date the Declarant no longer has the right to elect 100% of the Directors, the Declarant shall call a special meeting within sixty (60) days after such date. This meeting shall be called on not fewer than ten (10) nor more than thirty (30) days notice. At this special meeting, all Members shall elect a Board of Directors, to serve until the annual meeting date that is not fewer than eighteen (18) months after such election; provided, the Declarant shall continue to have the right to elect one (1) Director in accordance with the terms of the Declaration. Following such initial election by the Members, Director's shall be elected annually at the annual meeting.

6.7 The Declarant may waive its right to elect or designate any one or more Directors. However, any such waiver will apply only to the specific election at which the waiver is made. If the Declarant does waive such right, the Members shall elect the Board member or members who would otherwise have been elected or designated by Declarant.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 The Board of Directors has all power, authority, discretion and duties necessary for the administration and operation of the Association as contemplated by the Declaration, the Articles, and these Bylaws except as otherwise reserved or granted in the Declaration, the Articles, or these Bylaws.

7.2 The Board of Directors may enforce by legal means the provisions of the Declaration, the Articles, these Bylaws and Rules and Regulations for the use of the Common Properties. In the event that the Board of Directors determines that any member is in violation of any of the provisions of these documents, the Board, or its agent, shall notify the member of the nature of the violation. If the violation is not cured within five days, or if the violation is repeated, the Board may levy a fine not exceeding \$25 per offense against the Member. Each day during which the violation continues will be a separate offense. Such fines shall be assessed as a Special Assessment against the member and shall constitute a lien upon the Member's property, and may be foreclosed by the Association in the same manner as any other lien. Before foreclosure of any lien arising from a fine, the defaulting member shall be entitled to a hearing before the Board, upon reasonable written notice, specifying the violation charged. The member may be represented by counsel. The Board may also suspend the right of any member to use recreational facilities located on the Common Areas for any single infraction of the Rules and Regulations of the Association. Any suspension of a right to the use of recreational facilities, other than for failure to pay assessments, may be made only after a hearing before the Board, upon reasonable written notice to the Member specifying the violations charged. The Member may be represented by counsel.

7.3 The Board of Directors has the power to adopt budgets and make assessments, to sue and expend assessments and other monies of the Association as necessary to carry out the powers and duties of the Association pursuant to the Declaration and these Bylaws.

7.4 The Board of Directors has the power to employ, dismiss, control and contract for personnel and contractors for the administration of the Association, including but not limited to manager, maintenance personnel, attorneys, accountants and other professional as the Board may determine.

7.5 The Board has the power to adopt, amend and rescind reasonable rules and regulations relating to the administration to the Association and the operation of the Common Property, subject to the Declaration and Bylaws. Any rules or regulations adopted by the Board may be changed or rescinded by the affirmative vote of not less than two-thirds of the total votes entitled to be cast.

7.6 The Board has the power to create and to disband such committees as the Board determines is necessary or useful in the administration of the Association. The Board has the power to reasonably delegate the Board's authority to such committees,

subject always to the provisions of the Declaration, the Articles, and these Bylaws. All committees of this Association shall keep records and conduct meetings in the same manner as is required of the Board of Directors, to the extent applicable. However, nothing contained in this section shall be deemed to restrict the authority of the President of this Association from appointing advisory committees not inconsistent with committees created by the Board of Directors or the members.

7.7 The duties of the Board of Directors include:

- (a) To keep a complete record of all its acts and corporate affairs.
- (b) To supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.
- (c) With reference to assessments of the Association:
 - (i) To fix the amount of the Assessments against each Member for each assessment period in accordance with the provisions of the Declaration, Articles of Incorporation and these Bylaws at least thirty days in advance of such date or period;
 - (ii) To prepare a roster of the Members and assessments applicable thereto which shall be kept in the office of the Association which shall be open to inspection by any Member; and
 - (iii) To send written notice of each assessment to every Member subject thereto.
- (d) To issue or cause an appropriate officer to issue, upon request by any Member, a certificate in recordable form setting forth whether any assessment has been paid; and if not, the amount then due and owing. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.
- (e) To make payment of all taxes and assessments assessed against Association property, if any, real or personal.
- (f) To pay all expenses incurred by the Association for repairs, maintenance, services, insurance and other operating expenses.
- (g) To enforce by appropriate legal means the provisions of the Declaration, the Articles of Incorporation and Bylaws of the Association, and any and all applicable laws and regulations.
- (h) Prior to commencement of any legal action against Declarant for claims, disputes and liabilities pertaining to or arising out of Declarant's obligations and

duties under the Declaration or Florida law, the Board shall in good faith undertake mediation or structured negotiation with Declarant and attempt to resolve the claim, dispute or liability. The Board of Directors is only entitled to bring such legal action upon (i) the failure of the Board of Directors and Declarant to negotiate or mediate a settlement to the claim, dispute or liability; and (ii) the affirmative vote of seventy-five percent (75%) of all votes entitled to be cast by Members of the Association to bring such legal action, at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws; and (iii) the unanimous vote of all Directors of the Board of Directors, at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws. Regardless of anything herein to the contrary, this provision of the Bylaws may not be modified or superseded by amendment or other provision of these Bylaws or the Articles of Incorporation of the Association, except upon the affirmative vote of seventy-five percent (75%) of all votes entitled to be cast at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws. It is the intent of this paragraph that expenditure of Association funds in litigation should be made only upon the agreement by Members holding seventy-five percent (75%) of the votes entitled to be cast and only after bona fide attempts at negotiation and settlement have been unsuccessful.

ARTICLE VIII MEETINGS OF DIRECTORS

8.1 The organizational meeting of the newly elected Board of Directors, which shall also be the Board's annual meeting, shall be held within twenty (20) days of their election at such time and at such place as fixed by the Directors at the annual meeting of Members at which they were elected.

8.2 Regular meetings of the Board of Directors shall be held at such time and place as provided by a corporate resolution of the Board of Directors.

8.3 Special meetings of the Board of Directors shall be held when called by an officer of the Association or by any two directors.

8.4 Notice of regular or special meetings of the Board shall be given to each Director, personally or by mail, telephone, telegram or facsimile, at least two days prior to the day named for each meeting. Each notice shall state the time, place and purpose of the meeting, unless such notice is waived.

8.5 The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held at the regular call and notice, if either before or after the meeting, each of the Directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

8.6 A quorum at Director's meetings shall consist of a majority of the entire Board of Directors. The acts approved by majority of those present at a meeting at which a quorum is present shall constitute the act of the Board of Directors, except where the approval of a greater number of Directors is required by the Declaration or these Bylaws. The written joinder of a Director in the action of a meeting will constitute the concurrence of such Director for the purpose of determining necessary majorities on any action taken or to create a quorum.

8.7 Meetings of the Board of Directors are open to all Members.

ARTICLE IX OFFICERS

9.1 The officers shall be a President, Vice-President, Secretary and a Treasurer, and such other officers as may be elected in accordance with the Articles of Incorporation. The President shall be a member of the Board of Directors. An individual may simultaneously hold more than one office so long as the President is not also the Secretary.

9.2 All of the officers of the Association shall be elected by the Board of Directors. If the election of such officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. New officers may be created and filled thereafter as convenient. New officers may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his or her successor shall have been duly elected and qualified or until earlier resignation or removal.

9.3 A vacancy of any office because of death, resignation, or other termination of service may be filled by the Board of Directors for the unexpired portion of the term.

9.4 All officers hold office at the pleasure of the Board of Directors.

9.5 The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and shall sign all notes, leases, mortgages, deeds and other written instruments. The President, may, but need not, be a required signatory on checks of the Association.

9.6 The Vice-President shall perform all the duties of the President in his absence. The Vice-President shall perform such other acts and duties as may be assigned by the Board of Directors.

9.7 The Secretary shall be ex officio the Secretary of the Board of Directors and shall record the votes and keep the minutes of all proceedings in a book to be kept for that purpose. He or she shall sign all certificates of membership; shall keep the records of the Association, and shall record in a book for that purpose the names of all of the Members of the Association together with each Member's current address as registered by such Member.

9.8 The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution by the Board of Directors, provided, however, that a resolution by the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of the budget adopted by the Board. The Treasurer may, but need not, be a required signatory on checks and notes of the Association.

9.9 The Treasurer, or the Treasurer's appointed agent, shall keep proper books of account, and shall prepare an annual budget, a statement of receipts and disbursements, and a balance sheet, and the same shall be available for inspection upon reasonable request of a member.

9.10 The salaries, if any, of the officers and any assistant officers of the Association shall be determined from time to time by the Board of Directors.

ARTICLE X COMMITTEES

10.1 The standing committees of the Association shall be:

- (a) The Nominating Committee; and
- (b) The Maintenance Committee.

Unless otherwise provided herein, each committee shall consist of a chairperson and two or more members and shall include a member of the Board of Directors. The committees shall be appointed by the Board of Directors within thirty (30) days after each annual meeting of the Board of Directors, and the members of each committee shall serve until the succeeding committee members have been appointed.

10.2 The Nominating Committee shall have the duties and function pertaining to the nomination of members to the Board of Directors as prescribed in Article 6 of these Bylaws.

10.3 The Maintenance Committee shall advise the Board of Directors of all matters pertaining to the maintenance, repair or improvement of Common Areas as contemplated by the Declaration and shall perform or see to the performance of such other functions as the Board, in its discretion, determines.

10.4 The Board of Directors may appoint such other committees from time to time as it deems desirable.

10.5 The committees appointed by the Board of Directors shall have power to appoint sub-committees from among their membership and may delegate to any such sub-committee any powers, duties, and functions.